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# POLITICAL SCIENCE QUARTERLY

## THE NEW NORMAL IN FOREIGN TRADE

THE year 1921 was the first since the outbreak of the war in which government credit operations did not directly and markedly affect our foreign trade. It therefore gives us some intimation what to expect when the world again settles down to the humdrum routine of working and paying, after the mad orgy of fighting and borrowing and spending that extended from the beginning of the war up to the end of 1920.[1] Sober examination of the new state of affairs is a condition precedent to any intelligent shaping of tariff and trade policy, shipping plans, investment schemes, political designs, and industrial and agricultural development.

During recent years the elementary theory of the balance of international payments has come to be far more widely understood in this country than ever before, but politicians and business men, for the greater part, still wander in Cimmerian darkness when it comes to making practical application of the doctrine. They are still interested almost exclusively in direct efforts to promote export trade or to prevent the products of foreign "cheap labor" from coming into competition with their own goods in their home market. They forget the truism on which the theory of international trade rests, namely, that failing bankruptcy or repudiation, the sum total of debits and credits in the foreign trade of each country must balance each

[1] As the influence of government credit on our foreign trade was strongly felt during 1919 and 1920, those years, for purposes of trade study, are grouped with the war years proper. The term "war period", as here used, accordingly covers the six and a half years from August 1, 1914, to December 31, 1920.



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year. In this sense, and in this only, "exports must pay for imports." The international account may be summarized under five chief items: (1) exports and imports of merchandise; (2) exports and imports of gold and silver; (3) interest receivable and payable; (4) payments for current services, such as banking commissions, insurance premiums, ocean freights, tourist expenditures, and immigrant and emigrant remittances; and (5) the temporary loan or the permanent investment of capital. For most modern countries in most years the sum total of the first four debit items is either greater or less than the sum of the corresponding credit items, and the difference is redressed by a corresponding entry on the opposite side under the fifth item, that is, by the borrowing or lending of capital. This import or export of capital works to create a corresponding import or export of goods.

During the years 1898–1914 the foreign trade of the United States was in a position of comparatively stable equilibrium. Each year we exported nearly half a billion dollars' worth of goods more than we imported.[1] In addition, our net exports of gold and silver amounted to the inconsiderable average of eight millions a year. During these seventeen years, our total trade experienced a steady expansion, the value of imports more than doubling, and that of exports increasing in somewhat less proportion. The relation of export to import values, however, changed scarcely at all. An export excess, taking both merchandise and metals into account, averaging $584,000,000 during 1898–1901, was succeeded by an average of $451,000,000 during the next decennium, only to be followed by an average of $603,000,000 during the three years preceding the outbreak of the war. The changing character of our trade during these years has been the subject of frequent comment. Foodstuffs and raw materials formed an increasing proportion of imports, while our growing exports contained a constantly rising proportion of manufactured goods. Business was done at steadily rising prices, too, so the increase of trade

[1] The yearly figures of excess exports varied from a maximum of $666,000,000 in 1908 to a minimum of $188,000,000 in 1910.

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was less in volume than in value. For the present purpose, however, the important fact is the comparatively fixed difference between export and import values.

Excess exports of merchandise, gold and silver averaging half a billion a year were scarcely sufficient to balance the annual charges we had to meet on account of interest and current services, chiefly freight, tourists' expenditures, and the remittances made by immigrants to friends and relatives abroad. Writing in 1909, Paish made the following well-known estimate of these items (all net): [1]

| | | |
|---|---|---|
| Interest and dividends | 250 | million dollars. |
| Freight | 25 | " " |
| Tourist expenditures | 170 | " " |
| Immigrant remittances | 150 | " " |
| Total | 595 | million dollars. |

Paish calculated "that in a year of depression the obligation of the United States to other countries for interest, tourist expenditures, remittances to friends, freight etc., is about $500,000,000 and that in years of normal trade activity it is about $600,000,000." [2] If in any year, then, the export excess did not reach these figures, the account was balanced by further borrowing. According to Paish's calculations, while we paid off a certain amount of our foreign debt during 1898–1901, the normal course of events was for capital to flow into the United States, and for repayments to be made but seldom. While other studies have tended to modify Paish's figures in detail, they have confirmed their substantial accuracy. In particular, the careful investigations of the Harvard Committee of Economic Research indicate that our net import of capital during the pre-war period probably averaged about $50,000,000 a year.[3]

[1] Paish, George, *The Trade Balance of the United States* (National Monetary Commiss ion, 1910), p. 191.

[2] *Ibid.*, p. 192.

[3] The results of these studies are of the highest value for the student of foreign trade. They have been published in the *Review of Economic Statistics* as follows: Bullock, Williams and Tucker, "The Balance of Trade of the United States (1789–

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While the net flow of capital was inward up to the very eve of the war, American investors had large and growing holdings abroad, chiefly in Canada and Mexico. Paish put our foreign investments in 1909 at a billion and a half, and Charles F. Speare in the same year estimated them at something between a billion and three quarters and two billions, of which he credited a third to Mexico and a quarter to Canada. American capital, he declared, had been flowing into Mexico during the preceding ten years at the rate of from fifty to seventy-five millions a year.[1] The revolutionary disturbances for a time checked this flow of money southward, but our investment in Canadian lands, forests, mines and industrial enterprises rose rapidly during the years just preceding the war. Our Middle Western farmers alone, emigrating to the prairie provinces, took with them large sums for land purchase, while American capitalists invested heavily in farm and timber lands, and American factories opened Canadian branches. At the outbreak of the war American investments in Canada were placed at $600,000,000 or more.[2]

These capital exports helped other countries to buy goods from us on credit, and thus swelled the favorable trade balance of the years preceding the war; yet we were not, during this time, actually passing from a debtor to a creditor position. Despite our enormous wealth, our highly developed industry, and our growing financial strength, we were still a financially young country at the outbreak of the war. Investment opportunities here, by comparison with those in other countries, were still so attractive that the net flow of capital was inward. Even by sending out goods and specie to an excess value of half a billion yearly we did not succeed in meeting the annual charges against us on other than merchandise account.

1919)," July, 1919; Vanderlip and Williams, "The Future of Our Foreign Trade (1919)," April, 1920; Williams, "The Balance of International Payments of the United States for the Year 1920" (containing revised figures for the war years), June, 1921; "Special Letter" of December 10, 1921. I have made use of these studies throughout.

[1] *North American Review*, July, 1909.

[2] Skelton, *The Canadian Dominion*, p. 237.

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The war changed this situation primarily by leading Americans to sell abroad, during the war period, goods to a value of eighteen billion dollars in excess of their foreign purchases during the same time. This was made possible by unprecedented credit operations on both public and private account. The detailed figures of export and import values, expressed in millions of dollars, are as follows:

| | Merchandise | | | Gold and Silver | | | Combined Balance |
|---|---|---|---|---|---|---|---|
| | Exports | Imports | Balance | Exports | Imports | Balance | |
| Aug.-Dec., 1914 . . | 908 | 649 | 259 | 131 | 31 | 100 | 359 |
| 1915 . . | 3,555 | 1,779 | 1,776 | 85 | 486 | —401 | 1,375 |
| 1916 . . | 5,483 | 2,392 | 3,091 | 226 | 718 | —492 | 2,599 |
| 1917 . . | 6,234 | 2,952 | 3,282 | 456 | 606 | —150 | 3,132 |
| 1918 . . | 6,149 | 3,031 | 3,118 | 294 | 133 | 161 | 3,279[1] |
| 1919 . . | 7,920 | 3,904 | 4,016 | 607 | 166 | 441 | 4,457[1] |
| 1920 . . | 8,228 | 5,278 | 2,950 | 436 | 505 | — 69 | 2,881[1] |
| Total. . . . . | 38,477 | 19,985 | 18,492 | 2,235 | 2,645 | —410 | 18,082[2] |

Williams points out that the export figures of 1920 are probably two hundred millions too large, owing to the abrupt drop of values during that year, which led to the actual sale of some goods at prices below those stated in the manifests. On the other hand, Thomas W. Lamont calls attention to the fact that "during the period of our participation in the war our government exported great quantities of goods not only for its own use but also for sale to its Allies. These government exports are unrecorded."[3] It is to be observed, however, that the Treasury on November 15, 1921, held obligations of foreign governments received from the Departments of War and the

[1] The sum of $76,000,000 should be added for 1914–18, $91,000,000 for 1919, and $103,000,000 for 1920, to cover exports of Federal Reserve notes and other currency during those years.

[2] Adding exports of Federal Reserve notes, the total becomes $18,352,000,000.

[3] *Annals of the American Academy of Political and Social Science*, vol. 87, p. 100 (January, 1920).

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Navy, representing sales of surplus war materials, of an aggregate value of $574,673,710.21,[1] thus covering the item mentioned by Mr. Lamont. This sum is not included in the figures of exports given above or in those of financing to be given below. Leaving all corrections aside, our excess exports, taking both merchandise and metals into account, amounted to somewhat more than eighteen billion dollars during the war period.

Turning to invisible items, the account for interest and services during the same period, contrary to the popular idea, ran heavily against us, though not at the pre-war rate. Following the revised figures of J. H. Williams, as published in the *Review of Economic Statistics* for June, 1921, we reach the following result (in millions of dollars):

| | Debit | Credit |
|---|---|---|
| Interest (net) | | 620[2] |
| Shipping charges (net) | 193 | |
| Relief | 211 | |
| Tourist expenditures | 200 | |
| Immigrant remittances | 1,800 | |
| Total | 2,404 | 620 |
| Net Debit | 1,784 | |

It need not be said that these figures at best are estimates, with a wide margin of error. In particular, the investigations of the Division of Research and Analysis of the Federal Reserve Board indicate net shipping earnings during 1919 and 1920 approximating $360,000,000, against Mr. Williams' figure of $166,000,000, for the same period.[3] If the first figure be accepted, the net balance of shipping earnings for the entire war

[1] *Annual Report of the Secretary of the Treasury for 1921*, p. 33.

[2] Including $437,000,000 interest on government advances paid during 1918 and 1919, to some extent out of further advances. See *Annual Report of the Secretary of the Treasury for 1920*, p. 57.

[3] *Federal Reserve Bulletin*, April, 1921, pp. 400–409; also February, 1921, pp. 183–188; August, 1921, pp. 931–935; November, 1921, p. 1263.

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period turns slightly in our favor, and the total invisible balance against us on account of interest and services is reduced to something less than $1,600,000,000. Deducting this amount from the combined trade balance of the war period, $18,352,000,000, we have left about $16,750,000,000 to be covered by credit operations.

Of this amount, government financing took care of nearly eleven billions. Cash advances to the Allies under the ten-billion-dollar credits of 1917 and 1918 totaled $9,494,519,000. In addition, beginning with January 1, 1918, the money needed by the United States for war expenditures in Great Britain, France and Italy was provided by the governments of those countries under an arrangement whereby the equivalent in dollars was made available to them to meet their war expenditures here, thus virtually increasing their credits by that amount. We exported the consumers and the goods, and paid the bills into the bargain. The sum thus advanced was $1,490,557,111, which brings the total of government credit available for export financing to an amount just under eleven billions.[1]

In the field of private financing, the operations chiefly important were the return of American securities and the floating of foreign loans in our market. Friedman states that about two billion dollars' worth of American securities were returned from August, 1914, to April, 1917,[2] and Williams gives the same figure for the period from July, 1914, to the end of December, 1918, adding $350,000,000 for the next two years.[3] A total of $2,350,000,000 for the value of American securities bought back during the entire war period is pretty clearly not excessive.

According to a tabulation made by J. P. Morgan and Company for the Harvard Committee of Economic Research, the total of foreign government, state, municipal and private issues here from the outbreak of the war up to the end of 1919 and

[1] The specific figures in this paragraph are those given by Nicholas Kelley, former Assistant Secretary of the Treasury, in a letter to the Harvard Committee of Economic Research.

[2] *International Finance and its Reorganization*, p. 353.

[3] *Review of Economic Statistics*, June, 1921.

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outstanding at the latter date was not less than $2,150,000,000. The issues of 1919 and 1920 did not equal the maturities of those years, falling short in 1920 by $65,000,000. Even so, the issues outstanding on January 1, 1921, had served to finance exports to a value just under twenty-one hundred millions.

The American investor during the war period, however, was not simply buying back American securities and absorbing foreign bond issues. His capital was also going directly into American companies working Canadian mines and factories and buying Canadian land and timber, operating Mexican and Colombian and Venezuelan oil wells, Cuban sugar mills and plantations, Caribbean fruit farms, and the thousand and one other undertakings that are now being so vigorously pushed all over this continent, to say nothing of American enterprises in China and the Orient, and now even in Europe. Such investment does not appear in figures of foreign bond flotation, but it covers exports of American machinery and equipment and supplies. Williams' estimate of half a billion for such investment during the war period is certainly conservative.

The same may be said for his figure of $175,000,000 covering American speculation during 1919 and 1920 in the internal bonds and depreciated currencies of European countries. Other guesses have raised this figure to fantastic amounts.

Bringing together these items of public and private financing, and estimating all uncertain amounts conservatively, we reach the following result (in millions of dollars):

| | |
|---|---|
| Government advances | 9,495 |
| Government currency purchases | 1,491 |
| American securities returned | 2,350 |
| Foreign bonds issued here | 2,085 |
| Direct American investments abroad | 500 |
| European internal bonds and currency bought | 175 |
| Total | 16,096 |

Even upon a conservative estimate, we thus come within less than three-quarters of a billion of covering the entire balance to be accounted for. Adding in the above item of $175,000,000 for currency purchases, the total unfunded balance at

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the end of 1920 is still below $850,000,000. These figures are hard to reconcile with the Federal Reserve Board's revised estimate of $2,203,000,000 as the net unfunded credit balance of the United States on January 1, 1921,[1] much less can they be reconciled with the higher estimates of other observers.

Waiving the question of the exact amount of this balance, however, it is plain that we began the year 1921 in a new trade and investment position. For immediate purposes, however, the new position differs less than is commonly supposed from the old one, and dogmatic predictions of an early excess of imports should be received with caution. In the first place, no one actually knows just how much or how little the European government obligations held by the Treasury are worth. According to the Annual Report of the Secretary of the Treasury for 1921, on November 15 last they amounted to $11,272,000,000,[2] a sum which covered cash advances, obligations received on account of sale of surplus war materials and relief operations, and unpaid accrued interest to the latest date. The interest on this great sum, at 4½ per cent, would come to half a billion dollars a year. But the Refunding Commission has been given full power to extend the time of payment of both principal and interest; and even assuming the ability of our debtors to pay (an ability at present non-existent, except in the case of Great Britain), no one has yet succeeded in figuring in what form we are to take payment without further upsetting our already embarrassed foreign trade. In sober fact, we have given Europe on government account ten billion dollars' worth of goods, and we have something more than eleven billions in more or less doubtful paper to show for it. Great Britain has put an item of £25,000,000 in next year's budget to cover in-

[1] This matter is fully discussed in the *Federal Reserve Bulletin* for November, 1921, and it is suggested that the above figure should be increased by $500,000,000 to cover European settlements on account of canceled war contracts, and by $200,000,000 to cover deposit balances transferred by Far Eastern banks from London to New York. Including an estimated increase of $505,000,000 during the first nine months of 1921, the total unfunded balance on October 1, 1921, is placed at $3,408,000,000.

[2] On May 15, 1922, this amount had risen to $11,456,383,059. See *Federal Reserve Bulletin*, June, 1922, p. 645.

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terest payments on her part of the loan, and we are told that such payments are to begin in October, but the item even of interest on the Treasury holdings of foreign obligations would best be held in abeyance, in estimating our international commercial situation, until the whole problem shall have been further clarified.

That aside, our private interest account has been radically altered. Williams puts foreign investments in the United States at the beginning of 1921 not below $1,500,000,000 and American investments abroad not below $3,500,000,000, yielding us an annual net interest of a hundred millions, against a pre-war net interest payment on our part amounting to $160,000,000, according to Williams, or $250,000,000, if Paish's figures be accepted. The Federal Reserve Board, moreover, figures the net interest receivable during 1920 at $125,000,000, and during the first nine months only of 1921 at $150,000,000. Unless its large figures for the unfunded balance already referred to be accepted, however, it is difficult to reach such a result. The sum of $150,000,000 is therefore taken as covering interest receivable during the entire year 1921. Even so, the change in our pre-war balance of payments is sufficiently striking, and it is practically the only marked change in our favor. Let us glance at the other elements.

Our much-touted merchant marine, be it said with all frankness, has practically collapsed with the first touch of adversity. The enormous growth of our tonnage during the war is a well-known story, and during 1920 almost exactly half the entrances and clearances from our harbors were of American vessels. Even in that banner year, however, they brought but 42 per cent of our imports, and carried away less than 44 per cent of our exports by value. During the past year, under conditions of severe depression in ocean business, entrances and clearances of American vessels were still practically half the entire tonnage going in and out, but they carried only 35 and 36 per cent respectively of our imports and exports, and during December the figures shrank to 28.5 and 30 per cent, rising again to 33.5 and 36.9 per cent as the average of January and February.

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The Federal Reserve Board figures our net shipping earnings during the first nine months of 1921 at $50,000,000. For the entire year, however, the total value of imports carried in foreign vessels was $1,422,000,000, while the exports carried in American vessels were only $1,402,000,000. The Board's investigations indicated that by the beginning of 1921 we were working back toward the widely accepted pre-war freight-to-value ratios of three and five per cent on imports and exports respectively. Applying these figures, we should get net freights receivable of about $28,000,000 for the entire year. To raise that figure to $50,000,000 for the year appears ultra-generous.

Tourist expenditures during nine months of 1921 are estimated by the Federal Reserve Board at $125,000,000, practically the same as Paish's and Williams' pre-war rate of $170,000,000 per year, while immigrants' remittances during the first three-quarters are placed at $300,000,000, or $400,000,000 for the year. As the statisticians of the Board evince no inclination to exaggerate the invisible items against us, it is probably safe to accept these figures as not being overstatements.

A provisional statement of the 1921 account for interest and services, then, erring, if at all, probably on the side of underestimating the net amount due from us, stands somewhat as follows (millions of dollars):

| | Debit | Credit |
|---|---|---|
| Interest | . . | 150 |
| Shipping payments | . . | 50 |
| Tourist expenditures | 170 | |
| Immigrant remittances | 400 | |
| Total | 570 | 200 |
| Net Debit | 370 | |

On current account for interest and services during 1921 we were thus indebted to the world by at least a third of a billion, as against half a billion or more before the war. Aside from the export of capital, the tendency will manifestly be for this

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balance to decline if interest payments are begun on any part of the government's foreign debt holdings, unless there should be a corresponding change in the account for services not readily foreseeable.

In view of these facts, let us examine the course of trade and investment in 1921. During that year, our excess of merchandise exports, which in 1920 had fallen more than a billion from the four billions of 1919, suffered a further billion-dollar drop. And in 1921 out of the $1,976,000,000 excess exports of merchandise $680,000,000, or a full third, was paid for by imports of gold and silver (all but $12,000,000 being gold). In addition, net imports of United States paper currency, which had been exported in considerable amounts since the armistice, were estimated by the Federal Reserve Board at $100,000,000 during the first nine months of the year. It is clear that a country which already has a plethora of gold—forty per cent of the world's stock—cannot long continue to import gold at such a rate, and this source of payment for excess exports must soon be dried up. Indeed, the golden flood, which reached $86,000,000 during March, 1921, and averaged $67,000,000 during the seven months ending with September, had receded to less than $30,000,000 in December, and averaged only $20,000,000 monthly during the first five months of 1922.

Along with this decline there has occurred a striking change in our trade. It can be shown best by giving the quarterly trade balances over the past two years. Expressed in millions of dollars, they run thus:

| | Merchandise | | Gold and Silver | | Combined | |
|---|---|---|---|---|---|---|
| | 1920 | 1921 | 1920 | 1921 | 1920 | 1921 |
| First quarter . . . . . | 721 | 852 | 128 | —159 | 850 | 693 |
| Second quarter . . . . | 580 | 361 | —31 | —190 | 549 | 171 |
| Third quarter. . . . . | 420 | 465 | —11 | —211 | 409 | 254 |
| Fourth quarter . . . . | 1228 | 297 | 167 | —122 | 1395 | 175 |

During the last three months of 1920 our favorable export

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balance came to almost a billion and a quarter; during the corresponding period of 1921, it was under $300,000,000. Yet more striking, taking gold and silver movements into account, the figures of excess exports for the two periods become $1,395,000,000 and $175,000,000. The corresponding figure for the first quarter of the present year is only $84,000,000, and for the two months of April and May, $140,000,000.

It deserves notice further that the decline in the merchandise balance during the last quarter of 1921 was effected both by a growth of imports and by a shrinkage of exports. During a period of a year ending with June, 1921, there was a precipitous drop in the value of imports, the monthly figures falling from $553,000,000 in June, 1920, to $186,000,000 a year later. For the next four months they remained stationary, and during the last two months of the year rose by fifty millions to $237,000,000 in December, averaging $232,000,000 per month during the first five months of the present year.

The recovery in imports brought no corresponding improvement in exports, however. The phenomenal drop from $720,000,000 in December, 1920, to $340,000,000 in April was followed by six months of stability; but then, instead of an increase, as in the case of imports, there came a renewed decline to $296,000,000 in December and a further sag to $251,000,000 in February, which was followed, however, by a monthly average of $319,000,000 during the next three months. The December excess of exports, which did not reach $59,000,000, was the smallest monthly figure since October, 1914. If gold and silver imports be deducted, the December figure falls to $31,000,000, while that for February is only $13,000,000.

What happened during 1921 was an adjustment of the comparative export and import values to the requirements of the new balance of payments, and the figures already given indicate that the December export excess was far nearer the new normal (leaving investment out of account) than was the favorable balance of early 1921. If our export balance is to be raised and kept above a third of a billion, it can clearly be done only by the export of our capital.

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In view of the impoverishment of the great European lenders and the rapid accumulation of capital here, a net outflow appears natural, indeed almost inevitable. Yet some observers take the view that the amount will be small. Thus Mr. C. Reinold Noyes, writing in the *North American Review* for February, 1922, says: "As a people we are more likely to engage our attention in elevating our standard of living at home than in spreading out to cover the world with our investment and trade. . . . The international banker has his place. And it will be a place of increasing importance. But the business of finding funds for public utilities and housing will have a far greater development."

It is not impossible to find support for such views in the events of the years since the armistice. We heard a great cry that the American banker was to finance the world, but when it came to the sober business of supplying the funds, he preferred to keep his money at home, despite the exhortations of leading financiers and public officials. In December, 1920, the American Bankers' Association officially endorsed the formation of a great Foreign Trade Financing Corporation, with a capital of a hundred millions. After more than a year of strenuous effort, the Executive Committee of the Committee on Organization announced "that the immediate present is not regarded by the Committee as an opportune time to continue effort to form the corporation which it has been planned to organize under the Edge law, to extend long-term credits in connection with this country's export trade, and through the sale of debentures to encourage American investment in foreign securities."[1]

This melancholy failure in the field of foreign trade financing does not stand alone. The *Federal Reserve Bulletin* for November, 1921, says: "The striking aspect of the year's financial developments on the banking side in connection with foreign trade is found in the fact that there has been a steady and extensive withdrawal of American banking institutions from the foreign field. . . . Thus during the latter half of 1920 and the

[1] *Commercial and Financial Chronicle*, Jan. 21, 1922.

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first six months of 1921 a very great curtailment of the commercial credit previously extended by American interests to foreigners undoubtedly occurred."[1] Commenting on the reduction in foreign trade acceptances outstanding in our markets, to $600,000,000 at the beginning of 1921 and to $450,000,000 by November, the *Bulletin* states that the foreign credit corporations established by many of the banks have been disestablished, and the assets distributed to the stockholders, so as to bring about "a practical retirement from at least certain branches of the export trade." This retirement, together with the easier credit terms being offered by foreign shippers, "is undoubtedly tending to restore the hold of such countries upon those markets. This tendency is reported in its most evident form in South America and the East."[2] The *Bulletin* for June, 1921, listed eleven foreign-trade financing corporations, which among them had a capital, surplus, and undivided profits of only $78,000,000, and assets of $475,000,000. This list included the chief institutions of the sort, so it will be observed that at best this development had not proceeded far, and even these institutions are in some cases withdrawing. Commenting on the liquidation of one of them, the Park-Union Foreign Banking Corporation, formed by the National Park Bank and the Union Bank of Canada, the *Journal of Commerce* in its issue of March 15, 1922, said: "Banking interests view the movement as one which is more or less general on the part of institutions with foreign trade relationships. The question which has been raised here is as to whether the banks with special organizations will absorb such organizations into their systems or gradually liquidate the business which was built up on the wave of war-time prosperity."[3] There is no evidence yet of any general readiness on the part of our banks to enter systematically into the field of foreign trade financing.

It is to be noted, further, that the flotation of foreign bond issues in the United States during 1919 and 1920 lacked $144,-

[1] P. 1267.

[2] P. 1268.

[3] Quoted in the *Commercial and Financial Chronicle*, March 18, 1922.

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000,000 of equaling the maturities of foreign loans paid off here during those two years. Williams concludes as a result of his study that the part played by long-time private investment in financing the trade balance from the armistice up to the end of 1920 was small. He estimates the net export of American capital in all forms during 1919 and 1920 at not more than $780,000,000. The Federal Reserve Board, utilizing Williams' figures in part, arrives at an estimate of approximately $810,000,000.

In judging the significance of these figures, the disturbed political conditions of 1919 and 1920 should be borne in mind, however. If a sum even approaching three-quarters of a billion was placed abroad during those years under such conditions, a growing outflow of capital, which may well attain very large dimensions, may easily take place as the world gradually settles down to paying its way. The Federal Reserve Board places the net private investment of American capital abroad during the first nine months of 1921 at $250,000,000, and the return of American securities during the same period at $40,000,000. This would be at the rate of practically $400,000,000 for the year, and the evidence available indicates that the actual placing of American capital was in excess of that figure.

A compilation courteously furnished by the Guaranty Company of New York gives the total of foreign government dollar loans issued in New York during 1921 as $511,160,000, against maturities for the same period approximating $202,000,000. These figures show an increased investment of more than three hundred millions. According to the same authority, the dollar loans issued by foreign corporations and American corporations doing their principal business in foreign countries amounted to $166,542,166. Adding only the forty millions of American securities returned reported by the Federal Reserve Board up to September 30, we thus reach a round half-billion, without making allowance for investments placed directly in other than bond form. It seems fairly safe, accordingly, after making all allowances, to assume an outward flow of capital during the year coming to at least a half-billion.

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Yet further, foreign issues publicly advertised in New York during the last quarter of 1921 totaled $208,000,000, and during the first quarter of 1922, $283,000,000. The total for the six months ending with March, 1922, was thus well in excess of the total new foreign offerings of the entire year 1919 ($436,000,000) and almost equal to the $506,000,000 of 1920.

Speaking before the American Manufacturers' Export Association on June 12, 1922, Mr. Pierre Jay said: "In the twelve months up to May 1 about $1,000,000,000 of foreign loans of many countries, cities and industries were readily taken here. The readiness of the country to absorb this huge amount of foreign loans has been surprising."[1] The success of recent foreign bond offerings has been so great that bankers are bringing out large issues in rapid succession.

A further indication of the growing importance of such loans is the public announcement made by the Department of State on March 3, 1922—an announcement that has not received from the press the attention that its importance warrants. The Department says in part:

At a conference held last summer between the President, certain members of the Cabinet and a number of investment bankers, the interest of the government in the public flotation of issues of foreign bonds in the American market was informally discussed and the desire of the Government to be duly and adequately informed regarding such transactions before their consummation, so that it might express itself regarding them if that should be requested or seem desirable, was fully explained. Subsequently the President was informed by the bankers that they and their associates were in harmony with the Government's wishes and would act accordingly.

The desirability of such cooperation, however, does not seem sufficiently well understood in banking and investment circles.

The flotation of foreign bond issues in the American market is assuming an increasing importance and, on account of the bearing of such operations upon the proper conduct of affairs, it is hoped that American concerns that contemplate making foreign loans will inform the Department of State in due time of the essential facts and of subsequent developments of importance. Responsible American bankers

[1] *Commercial and Financial Chronicle*, June 17, 1922, p. 2667.

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will be competent to determine what information they should furnish and when it should be supplied.

. . . The Department believes that in view of the possible national interests involved it should have the opportunity of saying to the underwriters concerned, should it appear advisable to do so, that there is or is not objection to any particular issue.

Commenting on this announcement, the well-informed *Journal of Commerce* on March 10 said:

Every loan abroad of any importance virtually will be visaed by the Treasury as to its purpose and object.

The most important effect of the new policy, Administration leaders indicated today, would be that of withholding American financial assistance from those countries and those interests "inimical to the best interests of the United States."

Another object . . . is that of checking the heavy influx of foreign securities into the country, diverting investment capital from constructive uses and demoralizing the investment field. . . .

Officials made it plain, however, that the Administration favors rather than opposes the purchase by American citizens of foreign obligations.

In reply to a letter of inquiry, the Assistant Secretary of State writes, under date of April 5, 1922: "The American diplomatic and consular officers give such aid as is proper to American interests desirous of investigating conditions in foreign countries with a view to the possible granting of loans. Every effort is made to cooperate closely in this work with the Departments of Commerce and the Treasury."

The possible significance of this policy for the American export trade is suggested by the following Washington dispatch appearing in the *New York Evening Sun* of January 6, 1922:

An arrangement for cooperation between the Government and American bankers to promote American banking and industry in Europe and in South American countries was completed today. The understanding was reached between Secretary of Commerce Hoover and Thomas B. McAdams, of the American Bankers' Association.

Under the plan agents of the Department of Commerce will investigate conditions in countries asking for loans to carry on public or private projects. Should conditions be favorable, the American attaché

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will so report to the Commerce Department. Before the loan is made, however, the applicant will be obliged to promise to purchase materials in this country, thus benefiting both bankers and manufacturing plants. A commercial attaché will be on the ground to observe fulfillment of the contract.

Replying to an inquiry, the Director of the Bureau of Foreign and Domestic Commerce points out that the first paragraph of this dispatch is correct, but makes important corrections regarding the second. First, the foreign representatives of the Department "will not be called upon to approve or disapprove loans", as might easily be inferred from the statement above. In the second place, "the statement that the applicant for loans 'will be obliged to promise to purchase materials in this country' is incorrect. To my knowledge the Department of Commerce has not favored a stipulation so drastic as that and has not gone beyond the suggestion that, when the proceeds of foreign loans are to be used for construction work, a promise should be given that the specifications will be so worded as to give American concerns a fair and equal opportunity in the bidding. Consequently, there is no thought of having the commercial attaché 'observe the fulfillment of the contract.'"

The American foreign investor is thus assured the friendly and active cooperation of the Departments of State and Commerce. The public offer of such cooperation is clear evidence of the Government's belief that a distinct service can be performed to American finance, industry and trade by encouraging the foreign investor. The student will be likely to come to much the same conclusion. No undue importance is to be attached to short-time fluctuations of trade or to temporary vagaries of financing. The experience of 1921 and 1922 indicates clearly enough that the third of a billion dollars now annually due from the United States on invisible account must be augmented by capital exports, if our trade balance is not to adjust itself to the new balance of payments. But despite certain unfavorable developments, there is reason to anticipate a substantial net export of capital. If it occurs (and it seems to be well under way), then our trade balance, at the beginning of

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the present year brought down practically to zero, instead of becoming unfavorable, as is confidently predicted by some observers, will in the years just ahead not improbably be maintained at a fairly high figure. Just where it will settle will depend on interest payments on the foreign debt, and especially and chiefly on the willingness of the American investor to send his capital abroad.

It may well be, as suggested by Mr. Noyes in the article already mentioned, that the careers of Great Britain and France are no criterion for the United States. But a sober examination of historical facts and of our present position, especially in view of the developments of the past eighteen months, suggests the probability that we stand at the beginning of a period in which foreign investment will proceed in increasing volume; that such investment will follow much the same lines as those taken by the foreign placings of other highly developed countries; that our export industries will be built up by the use of our investment power; and that our investment, shipping and trade policy will be shaped to meet the common desires of the foreign investment banker and the export manufacturer. In developing that policy we need to avoid the pitfalls of that imperialism which plunged Europe into the great war. If we are wise, we shall not yield to the subtle temptation to increase the immediate gains of our investors and traders by putting the resources of our diplomatic establishment, backed by the threat of strong military and naval forces, indiscriminately at their disposal. For the general profitableness of foreign, as of domestic trade, depends upon its yielding a fair and unforced division of advantages between the two parties to the bargain. The United States is rich and powerful enough to pursue an intelligent and generous trade and investment policy.

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# PAN-HISPANIC PROPAGANDA IN HISPANIC AMERICA

A CAREFUL study of the international inclinations and aspirations of the nations south of the United States will reveal several currents besides the pro-Germanism so much emphasized by the Allies during the recent war and the Pan-Americanism which, since the days of James G. Blaine, has been somewhat conspicuous in the diplomacy of the two Americas. For instance, certain regional alliances among the Hispanic-American states have been talked of from time to time; Francophilism has held sway for more than a century; Hispanic-American solidarity is an aspiration as old as the Hispanic-American nations themselves; anti-Yankeeism has been prominent for some time, especially in literary circles; Great Britain has always had her partisans and friends there; and in recent years Pan-Hispanism has been quite in vogue.

I have recently published a brief survey of the literary phase of anti-Yankeeism in the countries beyond the Rio Grande.[1] I propose here to outline the origin and development of the sentiment of Pan-Hispanism. In the near future I hope to be able to examine the other international political currents whose influence is being felt in these regions.

The growing friendship for Spain in Hispanic America is largely the result of Spanish effort, or, more accurately, of the efforts of a fairly large, intelligent and enthusiastic group of Spaniards who have labored and are laboring for what they conceive to be the welfare of their country and the interest of the Spanish race. Racial and cultural solidarity has been in fact the keynote of their propaganda. Prior to the opening of the present century they were motivated by the idea of rallying around this slogan the kindred nations oversea with the view of winning allies for a prospective struggle with the United States. More recently, other motives have been prominent.

[1] See *The Journal of International Relations*, January, 1922.



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In the fifties of the last century, when the remnants of the Spanish empire in the New World, as well as the integrity of the newly-formed Latin nations, were being threatened by the Anglo-American filibusters, Spanish propaganda sought to play upon the note of racial solidarity in order to induce the Hispanic Americans to unite among themselves and with Spain for the purpose of stemming the tide of invasion. Newspapers were established, books were written, and even Spanish diplomats labored to this end. In Mexico City alone at least three newspapers were founded during this period with the avowed purpose of upholding the interests of the Spanish race in America—the *Eco de España*, the *Correo de España* and *El Español*. On January 7, 1852, the last of these declared that the United States had designs upon all of the Hispanic-American republics, and that the latter should pursue a policy of solidarity and alliance with Spain for purposes of actual defense. On July 30 of the following year, the *Eco de España* came out with an editorial calling attention to the consistently aggressive policy of the United States as a source of imminent danger to the Spanish race on this side of the Atlantic. During the month of September, 1854, the *Correo de España* contained several tirades against the colossal invader of the North, which it compared to a Russia unrestrained by the balance of power.[1] But perhaps the climax of this propaganda was reached in a small book published in Cádiz by Don José Ferrer de Couto, who advised an alliance between Spain and Mexico for the purpose of repelling the Yankee invaders, saving Cuba and, eventually, the remainder of Hispanic America from absorption, and effecting a Hispanic renaissance throughout the world![2]

And there was some attempt to put this idea of solidarity into practice. Early in 1856 the Spanish minister at Washington held conferences with the diplomatic agents of the Hispanic countries resident in the United States for the purpose of dis-

[1] Incomplete files of these newspapers may be found in Bancroft Library, University of California.

[2] The second edition, the only one to which the writer has had access, was printed by *La Revista Medica*, 1859, pp. 156.

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cussing plans of union. A project was drawn up which proposed to bind the nations to the south of the Rio Grande not to consent to the abridgment of the independence or the infringement of the territorial integrity of any of the signatory powers, but to treat the invader or offender of any member of the prospective alliance as a common enemy. No provision was inserted, at the time, that would include Spain in the union, but the action of the Spanish minister was approved and the Spanish secretary of state considered the matter of sufficient importance to communicate it to the captain-general of Cuba.[1]

Yet, while certain Spaniards were urging a rapprochement between Spain and Hispanic America, the Spanish government was slow to put aside the resentment caused by the Wars of Independence. Juan José Flores and the Spanish Queen dreamed of reconquering a portion of northwestern South America (1846–1847); vigorous action was taken with reference to obligations and indemnities in Mexico (1856–62), Venezuela (just prior to 1861), and the Pacific States of South America (1865–66);[2] and recognition of the new republics was long delayed.

In Hispanic America, too, there existed, besides the bitterness which naturally arose from this Spanish stubbornness and these instances of aggression, certain factors which tended to stultify such racial propaganda. In the first place, Cuba and Porto Rico, still under the Spanish yoke, appealed to the sympathy of their Latin brothers in the New World. On at least two occasions—namely, during the celebrated Panama congress of 1826 and while the Ten Years' War in Cuba was in progress (1868–1878)—the Hispanic-American republics entertained designs of snatching Spain's colonies from her grasp; and there was sympathy for Cuba until the last.[3] In the second place, there continued to exist a deep current of hatred toward

[1] *The American Historical Review*, Vol. XII (1906), p. 94 *et seq.*

[2] Rafael María Labra y Cadrana, *Orientación Americana de España* (Madrid, A. Alonzo, 1909), p. 100 *et seq.*; Anibal Maurtua, *La Idea Pan-americana y la Cuestión del Arbitraje* (Lima, *La Industria* 1901), p. 35 *et seq.*

[3] Labra, *op. et loc. cit.*; José León Suárez, *Carácter de la Revolución Americana* (Buenos Aires, Juan Roldán, 1917), pp. 191–198.

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Spain as an aftermath of the Wars of Independence, just as Anglophobia held sway in the United States for a century after the achievement of nationality.

This anti-Spanish propaganda deserves special notice, for it was participated in by many of the leading men of the country. The main thesis of a history of Hispanic America published in 1828 by Simón Rodríguez, the teacher of Bolívar, may be summed up in the assertion that in the fifteenth century Columbus discovered a New World in order to people it with slaves and vassals, but at the opening of the nineteenth century reason reclaimed it in order to found a society of free men obedient to their own laws.[1] Francisco Bilbao, the great Chilean writer, declared in his *American Gospel*[2] that the formula of Hispanic-American progress could be found in the expression "de-Spanishize yourselves" (*desespañolizarse*). The Peruvian author, Ricardo Palma, and the Chilean linguist, Valentín Letelier, were of the opinion that to accept a rapprochement with unprogressive Spain would be contrary to the very principles of American life.[3] Lastly, Domingo F. Sarmiento, the great South-American statesman and educator, returning from a trip to Spain, declared that there had not been introduced into the peninsula in three centuries a single new industry save the manufacture of the sulphur match; that there was no national marine, few highways, no popular education, and no progress in the higher institutions of learning; that the arts of printing and engraving had decayed; that the market places remained as they had been described by Don Quixote; that the hatred for foreigners continued as strong as when the Jews and Arabs had been expelled; that, in short, America had nothing to gain from contact with Spain.[4]

These considerations make the absence of friendly relations between Spain and Hispanic America during the greater por-

[1] Suárez, *op. cit.*, p. 67.

[2] *El Evangelio Americano* (Buenos Aires, Soc. tip. Bonaerense, 1864).

[3] Fernando Ortiz, *La Reconquista de América* (Paris, Paul Ollendorff, 1910), pp. 76–77.

[4] Suárez, *op. cit.*, p. 21. See also Rafael Altamira y Crevea, *Mi Viaje á América* (Madrid, Victoriano Suárez, 1911), pp. 384–395.

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tion of the last century a fact which will be readily understood. But it would be a mistake to suppose that nothing was accomplished. Beginning with the recognition of Mexico in 1836, Spain very slowly extended this favor to the remaining Hispanic states of the New World, completing the process in the early nineties.[1] At the same time numerous treaties relating to extradition, postal and telegraphic communications, literary, scientific and artistic property, and commercial affairs, gave evidence of the abandonment of the policy of aloofness. It was near the end of this period, also, that the Spaniards who were interested in their kinsmen across the Atlantic founded the Ibero-American Union, and by 1892 old grievances had been so far forgotten that the Hispanic-American states joined in the celebration of the Fourth Centenary of the discovery of America.[2]

This celebration, as was natural, gave considerable impetus to the movement towards intimacy. The feasting and rejoicing had scarcely ended when a renewed revolt in Cuba and war with the United States furnished Spaniards further motive for rapprochement with Hispanic America. The approach of hostilities with the Anglo-American republic caused patriots of the Iberian peninsula to subject their country to a process of rigorous inspection and to cast about for possible allies. When the inevitable came, Spain found herself without active friends—unless Germany's demonstration entitled that country to be considered as such—and pathetically unprepared to meet the foe. In a short time all was over, and the last vestige of a once glorious empire in America had passed from Spanish control. The sense of failure and loneliness which came to Spain could scarcely have been more profound. The defeat was followed by a veritable flood of literature dealing with the domestic and foreign problems of the peninsula, and there was considerable uniformity as to what Spain's international policy should be. Pan-Hispanism must be accepted as one of the

[1] Labra, *op. cit.*, Appendix, contains a list of these treaties with dates. See also W. S. Robertson "The Recognition of the Spanish Colonies by the Motherland", in *The Hispanic-American Historical Review*, I (1918), p. 70 *et seq.*

[2] Accounts of the juridical, the geographic, the literary, and the pedagogical congresses held on this occasion were published in Madrid in 1892 and 1893.

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goals for the future, and in so far as it related to America it was to be forged in part upon the anvil of Yankeephobia.[1]

This anti-Yankee phase of the matter, scarcely to be detected in the more discreet and tactful writers, is clearly seen in such works as those of José F. Gómez and Ricardo Beltrán y Rózpide. The former was inspired by the prospect of war with the United States over Cuba. In his *Latin Solidarity*,[2] he advocates a sort of *Zollverein* as the first step in the formation of a more important union; the pacification of Cuba; and a rapid rapprochement with the peoples of Spanish origin in America. The motives influencing Gómez are very evident in the following passage:

> If we know how to take advantage of the situation, our country may yet become the polar star of a Latin Confederation on this continent against the Saxon preponderance represented by this Anglo-American Colossus which we have opposite us, and we may advance firmly and serenely to a league of race, draw the former possessions to the mother country in the interest of all, and give potency, unity, and fire to the idea of solidarity among the peoples who pray, make laws, and speak in the beautiful language of Castile.

While recognizing the wealth and power of the United States, Gómez points out the financial and industrial disturbances and growing anarchism and jingoism as thorns in the side of the Colossus. In view of these conditions, he contends that when fifty millions of Latin Americans join their European mother in a close league of race, there will be little need to fear the outcome of the struggle.

Beltrán y Rózpide wrote a two-volume history of the Hispano-American peoples in the twentieth century. The work is anti-Yankee from beginning to end. The whole American policy

[1] For a partial enumeration of the Spanish writers inspired by the prospect of a war with the United States over Cuba and by the defeat of their fatherland in that war, see Ortiz, *op. cit.*, p. 99. From this group should not be omitted Angel Ganivet, Juan Valera, and Sánchez de Foca. See also Rafael Altamira, *España en América* (Valencia, Sempere y Compañía, 1908), pp. 179–186.

[2] *La Solidaridad Latina en América* (Habana, "Los Guayabitos", 1897, pamphlet, 22 pp.).

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of the United States is painted in blackest terms and the Yankee peril is constantly held up before the Hispanic Americans with the view of persuading them to enter into a confederation. Rózpide expresses the hope that after such an organization has been formed Spain and her kinsmen in the New World may enter into a profitable alliance which will give her the position of "*Presidencia de Honor* in the great association . . . of the Hispanic-American peoples."[1]

Thanks to the efforts of an able group who, under the name of "Americanists", have rallied around the ideal of Hispano-American friendship, the accelerated movement of the nineties has continued. From the beginning the program set forth by these so-called Americanists embraced three closely related phases: the racial and cultural, the economic, and the political. In approving the idea of calling a congress of all the Hispanic peoples at Madrid in November, 1900, the Spanish minister of state declared that the "social and economic future" of his country depended to a large extent upon the growth of "those racial sympathies which Spain has in America"; and that now was an opportune time to cultivate the spiritual affections of the Hispanic-American peoples and to prepare for the inevitable contest for their markets. Again, the formal invitation sent to Mexico, which was probably typical, spoke of racial and cultural bonds, mutual economic interests, and the advisability of "a common action" which would result in the well-being of the world. Among the themes to be discussed at this assembly were to be: "means for the creation of a great current of public opinion which would lead the governments of Spain, Portugal and the Ibero-American peoples to effect an intimate alliance"; the harmonization of the civil, penal and administrative laws of these countries; the unification of educational plans; the modification of commercial agreements; the improvement of communications; the establishment of international expositions; the creation of banks; and the study of the

[1] *Los Pueblos Hispanoamericanos en el Siglo XX* (Madrid, Imprenta del Patronato de Huerfanos de Administración Militar, 1907).

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problem of emigration.[1] These ideas, of course, were in harmony with those of the Americanist group who sponsored the congress.

The success of this congress encouraged the calling of others. In 1908 the Hispanic-American states took part in the celebration of the Centenary of the Spanish liberation from the Napoleonic yoke;[2] in 1911 a Hispanic-American congress was held in Barcelona;[3] in 1912 the Centenary of the meeting of Cortes at Cádiz was celebrated by another Hispano-American Assembly;[4] in 1914 a Hispano-American Historical and Geographical Congress was held at Seville in order to commemorate the Fourth Centenary of the discovery of the Pacific.[5]

Moreover, statesmen, merchants and intellectuals have founded numerous organizations, which have occasionally received subsidies from the government, for the purpose of cementing relations of cordiality with the Hispanic Americans. In fact some forty[6] of these institutions have been founded since the opening of the century, and many of them are organizations of considerable influence and dignity. Such, for instance, are the *Casa de América* and the Center for the cultivation of Hispano-American intimacy in Barcelona; the Center of Americanist studies in Seville; the Hispanic-American Royal Academy of Arts and Sciences at Cádiz; and the Hispano-American Royal Academy, the Ibero-American Institute of Law, and the Center

[1] Probably one of the most convenient sources for a general survey of the correspondence connected with this conference as well as its program is the *Boletín Oficial de la Secretaría de Relaciones Exteriores de México*, vol. X (September, 1900), p. 269 *et seq.* For a more complete account, see *Congreso Social y Económico Hispano-Americano, Madrid, 1900* (Madrid, Hernández, 1902).

[2] Labra, *América y España en el Centenario de 1908* (Madrid, Hernández, 1909).

[3] *The Hispanic-American Historical Review*, vol. IV (1921), p. 567.

[4] See the reports and bulletins of the various states of Hispanic America for the years 1912 and 1913.

[5] *The Hispanic-American Historical Review*, vol. IV (1921), p. 504, note. For the proceedings and reports of this congress see Congreso de Historia y Geografía Hispano-Americana de Seville de 1914, *Actas y Memorias* (Madrid, Jaime Ratés, 1914).

[6] Carlos Badía Malgrida, *El Factor Geográfico en la Política Sudamericana* (Madrid, Jaime Ratés, 1919), p. 101.

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of Hispano-American Culture, all three of which are in Madrid. At the same time, some of the most important Spanish universities have created professorships devoted to the study and teaching of American history, law and politics; and several journals and publishing houses have been established primarily for the purpose of distributing literature and information with reference to Hispanic America.[1]

Such organizations have carried their propaganda across the Atlantic. Spanish students have been encouraged to pursue their studies in Hispanic America, Hispanic-American students have been offered inducements to come to Spain, and professorial interchanges have been arranged; some of the leading Spanish Academies, as those of Languages, of Sciences, and of History, have established branches, correspondents and interchanges in and with Hispanic America;[2] the some four millions of Spanish immigrants in the Hispanic-American states have been organized with solicitous care as one of the best means of fostering friendly relations; and numerous expeditions for the purpose of propaganda have been undertaken.

The manner in which Spanish immigrants may cultivate the sentiment of racial solidarity is well illustrated by the celebration of the anniversary of the discovery of America by the Spanish Center at Carácas in 1918. On this occasion the orator, Manuel Díaz-Rodríguez, spoke in a fashion highly laudatory of Spain and urged more intimate relations with the mother country. He declared, *inter alia*, that the people of Venzuela had "committed the error of supposing that the revolution at the opening of the century had destroyed every bond connecting them with Spain and that their political destiny might be achieved by adopting and implanting the institutions of the United States or those of the radical period of the French revolution." He repeatedly lamented the fact that "guileless bachelors and unripe doctors", would-be-statesmen of the cloister, kept declaring that the Hispanic Americans must not

[1] Altamira, *Mi Viaje á América,* pp. 601-606; Labra, *Orientación Americana de España, passim.*

[2] Labra, *Orientación Americana de España, passim;* Ramon Orbea, *La Reconquista de América* (Madrid, V. Suárez [1905]), *passim.*

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resign themselves to the fate of being Spaniards in the New World and insisting that they imitate the United States, France, England, Germany, or some other large state, or else maintaining that they must not be Spaniards but Latins. "As if, disregarding Spain, we should be able to boast of being Latin! As if the . . . drop of Latin blood which circulates in our veins did not come to us through that Romanized Spain which made illustrious the annals of early Latinity with a goodly phalanx of moralists, poets, and emperors!" Away with such an idea! The sooner these people give up this mistaken notion and strive to make themselves *Hispanic Americans*, the better; for they can never accomplish anything by seeking unnatural affiliations and trying to fasten upon themselves a civilization to which they are not adapted. Such was the burden of the orator's eloquence.

In conclusion, Díaz-Rodríguez counseled a tightening of the bonds of respect and love for the mother country and presented a vision of the day when there will spread from the Pyrenees across the Atlantic and from "Mexico to the polar limits of South America, with a glory that will make the earth tremble, the announcement of a simultaneous and manifold renaissance of race."[1]

Of the expeditions sent out to America for the purpose of propaganda, that of the distinguished historian, Rafael Altamira y Crevea, who was dispatched as the agent of the University of Oviedo, deserves special mention because of its importance and because of the clear and eloquent statement of Pan-Hispanic ideals issued by this university while preparations were being made for the expedition. Altamira spent several months in Hispanic America where he visited the important intellectual centers of Argentina, Uruguay, Chile, Peru, Mexico and Cuba, and aroused general interest and enthusiasm. The "Address to the Spaniards and Brothers of America" sent out by the University of Oviedo, contained the following interesting statement of the purpose of the expedition:

[1] *Motivos de Meditación ante la Guerra y por Hispanoamericana Una* (Carácas, El Comercio, 1918, pamphlet, 24 pp.).

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On the noble eve of the Centenary of the Independence of America the University of Oviedo . . . desires that the affectionate voice of Spain pronounce a benediction upon her emancipated daughters; it desires to unite its song to the chorus sung by those peoples in commemoration of that memorable date when, eager for life, they went out from their paternal home (*dejaron los patrios lares*); it desires, above all, to bear to these puissant nationalities vigorous shoots of our spirit in order to plant them in these fertile lands bathed by the Gulf, enriched by the Plate, and shaded by the lofty Andes; it desires to send to America flames of our fire in order that our souls may be welded into one, and, the people who on both sides of the sea form the Great Iberia thus having been united, we shall be able to fulfil the high civilizing mission which destiny has confided to us.[1]

This intensified Spanish interest in the Spaniards residing overseas was further stimulated by the World War. This great catastrophe seems to have stirred Spain as profoundly as the defeat of 1898. Spaniards were made to feel the loneliness of their situation, to doubt the efficacy of international law and agreements, and to consider the future of their nation in a world order where force was likely to be dominant for some time. Moreover, the war resulted in the improvement of Spain's commerce and finances[2] and gave impetus to her industries so that the importance of Hispanic-American markets was appreciated as never before.

In 1916, considerable discussion of the proposed American policy of Spain was begun in the Spanish Senate. One senator demanded more favorable commercial treaties and careful direction of Spanish emigration to America; another believed that a customs union should be negotiated with the Hispanic-American states in order that Spain might secure the markets which had formerly been supplied by the nations of war-swept Europe; others, in addition to these proposals, demanded numerous reforms connected with steamship, postal and telegraphic communications; and one of the members of this body went so

[1] Altamira, *Mi Viaje á América*, p. 11.

[2] For discussions of Spain's commercial and financial conditions, see U. S. Dept. of Commerce, *Special Agents Series, No. 202*, and the *Commerce Reports*, 1917 *et seq.*

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far as to advocate the establishment of an "Ibero-American Confederation." In response to these discussions the president of the council of ministers declared his conviction that the time had come to advance beyond the period of "romantic propaganda" and enter upon the "road of realities."[1]

Once more, too, able writers, for the lack of whom Spain has never suffered, put forth programs and abundant propaganda. Rafael María Labra y Cadrana, who for many years had been vitally interested in America, published numerous pamphlets and made vigorous lecture tours in Spain;[2] Altamira issued his *Spain and the Americanist Program;*[3] Frederica Rahola, prominently identified with the *Casa de América*, a center of commercial information, formulated his *Americanist Post-War Program;*[4] and Edmundo González-Blanco included a discussion of what should be the American policy of Spain in a book dealing with Spain and the World War.[5]

Altamira's proposals differed from those of the earlier publications with which he had been identified in placing somewhat more emphasis upon the political and economic phases of the matter. He advocated such reform of the diplomatic and consular service as would insure a supply of able men for the American field; such a following-up of the emigrant as would insure his preservation as a force making for the perpetuation of Spanish culture and the achievement of Pan-Hispanism; such economic arrangements as would promote the growth of Hispano-American trade; the defense of the Spanish language in all its purity; the fullest and freest intellectual cooperation

[1] Altamira, *España y el Programa Americanista* (Madrid, Editorial-América, [1917?]), p. 69 *et seq.*

[2] Among Labra's recent works, the most important bearing on this theme are his lecture read before the Atheneum of Madrid in October, 1915, entitled *Problema Hispanoamericana;* his *La Campaña Americanista de D. Rafael M. de Labra en Galicia; Julio y Agosto 1916;* and his introduction to Rodrigo Zárate's, *España y América: Proyecciones y Problemas Derivados de la Guerra* (Madrid, Casa Editorial Calleja, 1917).

[3] *Supra.*

[4] *Programa Americanista Post-Guerra* (Barcelona, Casa de América, 1919).

[5] *Iberismo y Germanismo. España ante el Conflicto Europeo* (Valencia, Editorial Cervantes, 1917).

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and interchange.[1] Such a program evinces considerable supplementation of his proposals at the opening of the century, when he took occasion to remark that the policy of the group of which he was a member might be summed up in the phrase "pedagogical politics."[2]

Rahola gives much more emphasis than Altamira to the commercial and political items of the program, although he does not neglect the intellectual and the cultural. He points out the commercial significance of the Yankee phrase, "America for the Americans", calls attention to the recent marvelous growth of the trade of the United States with Hispanic America, and urges that Spain collect and launch all her commercial forces while the United States is in the midst of the war and its consequent readjustments. He expects the Ibero-American states to be the scene of a titanic commercial struggle in the near future, but in this struggle he believes Spain will be placed at an advantage because of her geographical position and ethnical affinities. Moreover, if any sort of international concert is to be hoped for, he believes that the mysterious force of racial and spiritual attraction ought to render possible a political union.

Writing in 1917, González-Blanco expends a great deal of effort in order to show that the British and the Yankee peril should be met by Pan-Hispanism. He urges the denunciation and the abrogation of the treaty of Algeçiras with the aim of recovering the Strait of Gibraltar, and the consolidation of the Iberian peninsula by a federation with Portugal, in order to render the holding of that strait by another nation perilous in the future. When the geographical integrity of Spain is thus restored, the Hispanic-American states may be invited to enter what is destined to be the great "Iberian United States". Will they refuse to accept this invitation? "What overseas peoples whose sons have not lost the ethnical sentiment and the consciousness of that community of customs, of language, and of civilization which perdures between Spain and Latin Amer-

[1] *España y el Programa Americanista*, p. 62 *et seq.*

[2] See Altamira's *Cuestiones Hispano-Americanas* (Madrid, E. R. Serra, 1900), *passim.*

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ica, would reject this superb ideal, pledge of great destinies for the future? Who does not see that its realization is the only recourse of which the Ibero-American world can avail itself in order to oppose Yankee imperialism? . . . The immediate subjugation of Central and South America by the syndicates of North America is the future which awaits our brothers of the New Continent if there is not found in union a competent force for resistance." At last, when Pan-Iberianism has realized its ideal of unity, it may ally itself with Germany in order that *Iberismo* and *Germanismo* may wrest from the Anglo-Saxons "the palm of victory in the fight for the direction of humanity."[1]

Since the outbreak of the World War there have been published, also, works of a supposedly scholarly nature which reveal this same Pan-Hispanic aspiration of the Spaniards. Portions of two of these, at least, will be read with considerable interest in connection with the matter now under consideration. In 1917 Juan Ortega Rubio, an aged professor of the Central University at Madrid, issued the *magnum opus* which had cost him much labor, a three-volume *History of America*.[2] Two years later a student of the diplomatic and consular institute of Spain published under the auspices of the Royal Academy of Jurisprudence and Legislation an excellent study entitled, *The Geographical Factor in the Politics of South America*.[3]

Some twenty-seven pages of the prologue of Ortega's ambitious work is given to a discussion of the American policy of Spain. Here the author declares that he has been moved to undertake the task while under the weight of age and infirmities because he has felt that he would thus be rendering a service to Spain and also to her former colonies. He then sets forth his viewpoint. He begins with the affirmation;

Our old and beloved Spain does not desire, nor is she able, nor ought she, to think of exercising any hegemony over the Ibero-American peoples. We desire, and we aspire, only to a fraternal communion.

[1] Gonzalez-Blanco, *op. cit.*, pp. 92-108.

[2] *Historia de América* (Madrid, Librería de los Sucesores de Hernando, 1917).

[3] *Supra.*

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. . . Spaniards and Americans of the Iberian race, forgetting old grievances, should in the future think only of living the life of culture and of progress. . . . At the same time that we ask those sons of the republics of our race that they do not forget Spain and that they honor the memory of the discoverers and the colonizers of the Indies, we shall also declare to them that we are admirers of those brave heroes who proclaimed their independence and their liberty. In the accomplishment of such ends we believe that there is fulfilled an historical law that colonies when they reach a certain age, that is, a certain grade of civilization and culture, separate from the metropolis.

Ortega turns toward America because he has despaired of Europe: "We do not hope, nor do we desire anything from the egoistic nations of Europe; we place all our confidence in the generous peoples of America." The end toward which he strives is both conciliatory and politic: "The work which we desire to realize is not only peaceful but also political, for we shall endeavor to foster the union of the Latin Republics with the mother country." And in accomplishing this twofold mission he desires to avoid striking the note of racial hatred and rivalry, but he nevertheless admits that he has at times sensed the Yankee peril and he cannot refrain from quoting a few Spanish authors who have taken a fling at the Colossus.[1]

The main contentions of the brilliant monograph of Badía are that there exist in Hispanic America strong supernational aspirations; that these are prevented from being realized by geographical absurdities in the present national boundaries, which furnish the motive for unnecessary squabbles regarding territory; that there are six geographical unities in Hispanic America—the *La Plata Confederation*, embracing the present republics of Argentina, Uruguay, Paraguay and a portion of Southern Bolivia; the *Confederation of the Pacific*, made up of the central portion of Bolivia, Chile, Peru and southern Ecuador; the *Colombian Confederation*, composed of Colombia, most of Venezuela and the northern part of Ecuador; the *Brazilian Confederation* with the present territory of Brazil, plus the northern portion of Bolivia, the eastern sector of Ecu-

[1] Prologue, pp. v-xxxii.

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ador, some districts in the south of Venezuela and the Antilles; and the *Mexican Confederation*—which when accepted in the political organization of the republics, will eliminate strife and pave the way to Hispanic-American harmony and solidarity; and that after their normal life has thus been restored these American states and Spain will find it natural and easy to form a society of nations, for, aside from the grandeur of such an organization of peoples of the same race and with similar culture and aspirations, the Yankee menace will constitute a powerful force impelling them in this direction.[1]

In view of this array of evidence—and it could be made more formidable if space permitted—there seems little room to doubt the existence in Spain of a strong desire for intimacy with Hispanic America.[2] The motives behind such a desire are racial and cultural as well as political and commercial, but the former seems to have been most emphasized. In writing of their aspiration Spaniards sometimes express, and probably more often feel, opposition to the United States, and the Yankee peril is therefore frequently held up before the Spaniards overseas.

What progress has Pan-Hispanism made in Hispanic America and what are its prospects in the future?

The revolt in Cuba and the so-called Spanish-American War furnished the people south of the Rio Grande an opportunity to express their sentiments toward the mother country before the enthusiasm aroused by the celebration of the Fourth Centenary of the discovery of America had died away. For instance, in the spring and summer of 1897, some of the leading newspapers of Mexico carried on a spirited discussion regarding what should be Mexico's attitude toward the prospective independence of Cuba. Francisco Bulnes seems to have been one of the important champions of Cuban liberation, but he

[1] *El Factor Geográfico en la Política Sudamericana*, pp. 3-135, 553 *et seq.*

[2] Other evidences of Spanish interest in rapprochement with Hispanic America are revealed by the Second Congress of Hispano-American History and Geography, which met in Seville in May, 1921, as well as by the plans for a general Hispano-American Congress to be held in Spain in 1926.

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met with several able opponents, of whom Don Carlos de Olaguibel y Arista, Don Francisco G. Cosmés and Trinidad Sánchez Santos may be taken as typical. Bulnes attacked Spain's colonial policy severely, defended the Cuban cause as analogous to that of Mexico in 1810, spoke disparagingly of the value of Spanish immigration to Hispanic-American republics, and gave evidence of a friendly disposition toward the United States. His opponents, first and last, defended the Spanish colonial régime and Spanish culture, declared that the Cuban separatist movement was similar to the "infamy of Texas" and not to the action of the Spanish colonies at the opening of the nineteenth century; that it would be a mistake for the Hispanic-American states which were trying to preserve the integrity of their national domain under the federalist system to champion the cause of separatism; that in case Cuba achieved its independence from Spain the island would not have the elements and the power to maintain such independence, but would fall, like Texas, into the clutches of the Yankees; and, lastly, that Mexico, and the other Hispanic-American states for that matter, could ill afford to place obstacles in the way of the ever-increasing flow of Spanish immigrants which, "identified with us by all those bonds which attach a human group to the spirit and the characteristic tendencies of race", can alone "bring industry, prosperity, order and civilization to the deserts of our domain." [1]

This sympathy for Spain seems to have been somewhat general at the time, in spite of the widespread desire to see Cuba freed from Spanish control. The Chilean writer, Alberto del Solar, pronounced a terrible tirade against the rudeness, the grossness and the greed of the United States, and concluded his address with a hymn to Spain; [2] the young Argentinian statesman, Roque Sáenz Peña, expressed the fervent hope that

[1] A convenient compilation of the articles published in this connection was issued by Frederico de Pedro under the title, *La Independencia de Cuba en Relación con el Criterio Americano y los Intereses de México* (Mexico, Avenida Juárez 624, 1897).

[2] *La Doctrina de Monroe y América Latina* (Buenos Aires, J. Peuser, 1898).

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the Spanish forces might be victorious; and numerous others revealed similar sentiments.[1]

The Hispano-American Congress which, at the instance of the *Union-Iberoamericano*, convened in Madrid two years after the close of the war, gave further evidence of the growing feeling of solidarity between Spain and her erstwhile colonies. This feeling was particularly noticeable during the inaugural session of the congress, when Don Justo Sierra, the distinguished Mexican author and statesman, speaking for the entire Hispanic-American delegation, delivered an address which breathed Pan-American sentiment from almost every sentence.[2]

The intellectuals of the countries south of the Rio Grande have continued to cultivate this attitude. Such important writers as Rubén Darío, José Santos Chocano, Gómez Jaime, Andrade Coello, Rufino Blanco-Fombona, José M. Vargas Vila, Eliseo Giberga, J. Francisco V. Silva and José León Suárez are champions of Pan-Hispanism in one form or another. There is, in fact, a considerable group of Hispanic-American idealists who express the conviction that the only means of saving their nationalities from deterioration and chaos within, and absorption from without, is a return to the law of their origin, their historical past, their maternal traditions, their primal racial heritage. In the opinion of this group the Hispanic-American nations are threatened with racial deterioration, hybridism, spiritual mystification, the disappearance of historical consciousness, in a phrase, denationalization and annihilation, unless they avail themselves of every opportunity to promote a vigorous revival of Hispanism in its fullest and most glorious sense.[3] The significance for Pan-Hispanism of this idea, if it is generally accepted as a working hypothesis, needs no comment.

As revelations of Pan-Hispanic sentiment in the countries

[1] *Escritos y Discursos* (Buenos Aires, J. Peuser, 1914-15), vol. I, p. 429 *et seq.* For brief mention of other champions of Spain see Altamira, *Cuestiones Hispano-Americanas, passim.*

[2] For an account of this episode, see Ecuador, Ministerio de Relaciones Exteriores, *Informe* (1901), pp. 43-46.

[3] Carlos Badía Malgrida, *op. cit.*, p. 48 *et seq.*

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south of the Rio Grande, recent productions of two historians of the Argentine are particularly worthy of note. Late in 1916, or early in 1917, a distinguished professor of the University of Buenos Aires published a booklet[1] on the character of the Hispanic-American revolution, in which he maintained, among other things, that it was unjust to blame Spain for not extending liberties to the colonies when despotism held sway in the peninsula, and for exploiting the riches of the New World when such exploitation accorded with the general colonial concept of the age; that Spain's treatment of the indigenes was not as cruel as it had been represented; that many Spaniards in Spain who were also seeking larger liberties sympathized with the colonials in their struggle for independence; that the real nature of the revolution can only be grasped when it is considered as a "*crisis fatal* in favor of liberty and of human rights, which was produced as a consequence of the revolutions of the United States and of France at the end of the eighteenth century"—all of which seems to be well-founded; but the author makes it very clear that he is highly elated at being able to champion such a viewpoint and takes great pains to set forth the significance of his work for the Pan-Hispanic movement. In fact, the author's intense fervor for Spain is evident on almost every page; and what is more significant, his booklet seems to have aroused widespread interest and met with much commendation in all parts of Spanish America.[2]

Just as this booklet was going through its third edition, another Argentinian, J. F. V. Silva, published a much more radical work.[3] Silva went so far as to lament the separation of the Spanish colonies from the mother country, declaring that Hispanophobia and a slavish imitation of the United States had been the capital error of the Latins of the New World. He

[1] José León Suárez, *Carácter de la Revolución Americana* (Buenos Aires, Juan Roldán, 1917).

[2] See appendix of the 1919 edition for evidence of the impression made by this work in Hispanic America and elsewhere.

[3] J. Francisco V. Silva, *Reparto de América Española y Pan-Hispanismo* (Madrid, Francisco Beltrán [1918], xv + 511 pp.).

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urged the formation of a vast empire including Portugal, Brazil, Spain and the Spanish-American Republics. The capital of this great organization was to be in Spain and full local autonomy was to be preserved for each of its parts. In support of his plan of union Silva held up the English, the German, and the North American perils, but he placed main emphasis upon the last of these. Nor were his ambitions confined merely to matters of defense. The new empire would have its *irredenta*. In Europe there would be Gibraltar and Morocco; in America, Porto Rico, the Falkland Islands and the Panama Canal must be regained. The integrity of Mexico must be guaranteed. Yankee influence must be counteracted in Cuba, Santo Domingo and Central America. Indeed, the new Hispanic nation should control both the Panama Canal and the Strait of Magellan, as well as the Caribbean area, and all the islands adjacent to the Central and South American coasts!

This Hispanic friendliness of the intellectuals, and of a large group of the upper classes in general, has been revealed frequently by the enthusiastic receptions given to such Spanish scholars as Altamira and Adolfo Posada,[1] and such statesmen and financiers as Rahola and Cavestany. The Pan-Hispanic note was particularly prevalent in the numerous addresses given during the extended tour of Altamira already mentioned. The president of the University of La Plata declared that the unanimity of sentiment and opinion which had greeted Altamira lovingly as a friend and admiringly as a teacher was "nothing more than the mysterious and recondite salutation of blood to blood across an ocean which separates two continents and across a century of history which separates two hearths which once were one." He expressed his conviction, also, that the currents of natural rapprochement and cohesion would overcome the divergencies caused by political vicissitudes and "reconstruct the primitive unity, the inherent affinity, the indestructible consubstantiality"; and closed his address with the prediction that the Spanish race "would be the arbiter in the

[1] See Posada's *En América una Campaña* (Madrid, F. Beltrán, 1911); and *Para América desde España* (Paris, P. Ollendorff, 1910).

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future of a vast portion of human destiny."[1] The rector of the University of Chile hoped that there would be established across the Andes and the Atlantic "a great intercourse of merchandise and of ideas, of manufactured products and books, of things and men, of students and teachers"; for, whether "liberals or conservatives, Catholics or rationalists, the Hispanic Americans are not able to renounce either the traditions of Spain which constitute the foundation of our culture, or the rich Castilian language which serves us as the medium of appropriating all the treasures of classic antiquity and all the promises of the new spirit, or much less the warm blood . . . which stirs our hearts."[2] The speaker chosen by the "University Center" of Lima to express its sentiments to Altamira declared that both reason and racial attraction made for Pan-Hispanic solidarity, and that union with the peninsula could be predicted with mathematical certainty.[3] In Mexico the distinguished lawyer, Rodolfo Reyes, declared that the preservation of the characteristics of the mother race and relations of cordiality with Spain should be the Mexican ideal, and he asked the assistance of the thinkers of Spain in the solution of the problem of protecting Hispanic America from the disintegrating and absorbing influence of extraneous forces, the North American influence being one of the most dangerous of these.[4]

In Uruguay and in Cuba Pan-Hispanic expressions were hardly so numerous and emphatic. In the educational centers of the former republic there was evident some of the coldness and objectivity of the scientific attitude,[5] while in Cuba, as Altamira had possibly anticipated, he found himself somewhat on the defensive. And yet, his visit to this republic so recently emancipated from the Spanish yoke did not meet with an entirely unfavorable response. Most conspicuous proof of this fact is found in the expressions coming from the noted writer, Eliseo Giberga, from the head of the Institute of Secondary

[1] Altamira, *Mi Viage á América*, pp. 125-139.

[2] *Ibid.*, pp. 254-261.

[3] *Ibid.*, pp. 315-322.

[4] *Ibid.*, pp. 359-383.

[5] *Ibid.*, pp. 231-249.

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Education, and from the veterans of Cuban independence. It must be noted, however, that most of the documents which Altamira produces as evidence of the nature of the Cuban attitude toward his mission were inspired by the celebration given by the Spanish colony of Cuba.[1]

More significant than this evidence of growing friendliness between the intellectuals of Spain and Hispanic America are the accumulating indications of increasing intimacy in official circles. In recent years October 12 has been set spart as a national holiday in virtually all of the Hispanic-American republics. This, however, is apparently not to be taken as evidence of a growing desire to honor the great Italian who, sailing under the Spanish flag, discovered America. Its significance lies rather in the fact that this great event is celebrated as *Fiesta de la Raza*—Racial Day—and not Columbus Day. The Pan-Hispanic note is universally sounded.[2] Moreover, one who takes the trouble to search through the published correspondence exchanged between Spain and the states of Hispanic America during recent years will discover many documents expressing mutual admiration, confidence and good will. This attitude appears to be quite general, but space forbids the presentation of more than a few illustrations from the official correspondence of Colombia, Venezuela, Mexico and the Argentine.

In his *Informe* for 1910 the Colombian minister of foreign relations took occasion to remark that, "Colombia, one of the American countries which has shown itself most friendly to the mother country, has been especially careful to cultivate with all cordiality and to make day by day more intimate its relations with the noble Spanish people." The minister in charge of the same office remarked in 1919, while lamenting the failure of the Spanish government to participate in the celebration of the centenary of the battle of Boyacá, that this could in no way break the "bonds which unite us with the mother country or extinguish racial affections."[3]

[1] *Ibid.*, pp. 401-492.

[2] *Current History*, vol. XV (November, 1921), p. 363.

[3] Colombia, Ministerio de Relaciones Exteriores, *Informe* (1910), p. 25, (1919), p. 91.

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In 1903, the Venezuelan minister of foreign affairs noted that his government had participated in the celebration of the arrival of Don Alfonso XIII at his majority and expressed gratitude to the Queen Regent for the generous consideration she had given Venezuela.[1] The dispatch by the government of Spain of a descendant of Don Pablo Morillo, the distinguished general who sought to put down the Venezuelan movement for independence, for the purpose of taking part in the celebration of the one-hundredth anniversary of the beginning of efforts looking toward emancipation, aroused marked enthusiasm in Venezuela. This act signified forgiveness and the forgetting of past injuries. Venezuela, accepting it in good faith, reciprocated. President Gómez and his government went so far as to lay the corner-stones of what were to be two monuments, one to Simón Bolívar and the other to Pablo Morillo, Count of Cartagena.[2] A year later, in receiving the new Spanish Minister, the Venezuelan chief executive referred to these events, speaking of the love and esteem of his constituency for the mother country in the following terms:

> Señor Minister: you well know that there is ineradicable in the Venezuelan people the tradition of respect and endearment toward noble Spain, glorious creator of these American nationalities. . . .
>
> This tradition was exhibited in its highest relief on the occasion of the Centenary of our Independence, when by joining in these commemorative festivities, Spain gave added strength to the bond of blood and of the common glories of the race. And Venezuela knows how to appreciate these demonstrations of cordiality which respond perfectly to the intimate sentiments which here are guarded as the treasure of the Venezuelan hearth.[3]

Lastly, in 1913, another Spanish minister was received with the cordial assurance that he was coming into the midst of a people "who do not renounce their origin, but who see in the Mother Spain the glorious fountain of their life and are delighted with the spectacle of her resurrection under the reign of a great monarch."[4]

[1] Venezuela, Ministerio de Relaciones Exteriores, *Informe* (1903), p. xv.

[2] *Idem, Boletín* (1911), p. 643 *et seq.*

[3] Venezuela, *Boletín* (1912), pp. 110-111.

[4] *Ibid.*, (1913), p. 196.

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Mexico's response to the invitation to attend the Hispano-American Congress of 1900 was one of the most cordial of all those given by the American states.[1] In 1901 the Spanish Minister to Mexico was assured that the fraternal sentiments of Spain toward Mexico were fully reciprocated "by the government and people of this Republic. Nor is it possible for less than this mutual and vehement sympathy to exist between two peoples united by tradition, . . . by the blood which courses in their veins", and above all by a similar civilization.[2] The presence of the Spanish representative at the celebration of the centenary of Mexican independence elicited from President Díaz words of rejoicing at this indication of complete reconciliation between mother and daughter. He declared that had Spain been absent a painful void would have been felt, but with Spain present, the occasion possessed all that was necessary to render "unforgettable . . . the annals of a people who do not disdain their origin."[3]

The diplomatic correspondence between Spain and the Argentine Republic indicates that the two countries are on terms of complete and mutual cordiality. The Minister sent by the Roca administration (1898–1904) to Spain was reminded that Argentinians "have the duty of maintaining, at all costs, intimacy with the mother country."[4] During this same administration certain expressions which gave offense to Spain were suppressed from the Argentinian national hymn.[5] A few years later the Argentine Minister of War gave an extremely fervent address on the occasion of the departure of the Spanish delegation which had been present at a magnificent horse show. In one of the most eloquent portions of his speech he sounded the Pan-Hispanic note in the following fashion:

When you return to the old land of Iberia, say that if, in conform-

[1] Mexico, Secretaria de Relaciones Exteriores, *Boletín Oficial* (1900), p. 269, *passim*.

[2] *Ibid.*, (1901), p. 260.

[3] *Ibid.*, (1910), pp. 292-293.

[4] *Labra, Orientación Americana de España, passim.* See also Ramón Orbea, *La Reconquista de América.*

[5] León Suárez, *op. cit.*, pp. 69-70.

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ity to the universal law of life, the mature fruit has fallen from the branch that nurtures it, if the eaglet leaves its nest when its wings are able to sustain it, Spain should not consider lost the hive whose swarm populated America and which for a time she deemed lost, but which today is found again in the flourishing magnificence of her race and her genius. . . . Say that here we call ourselves Hispanic Americans; that if we receive all men fraternally, your race is ours and into its modernized mold we shall pour the human bronze which must form the determinate race of our people. Say that her Castilian language, sonorous and virile, which she gave us, will in the future be spoken from our lips so emphatically that no other language shall be able to sound above it. Say that here we shall work with enthusiasm, being anxiously desirous that the victories of peace, of prosperity, and of human improvement may succeed in placing our race in the lead of the world. Then Spain, the common mother of all these peoples, shall march triumphantly with an escort of children at her side and look with pride upon her issue in the new lands [across the Atlantic].[1]

Special consideration given by Spain to the Argentine nation in the celebrations connected with its independence met with every token of fullest appreciation. The mother country's proposal to erect a monument to the Argentine nation evoked fervid expressions of friendship in the La Plata congress;[2] the visit of the Princess, Doña Isabel de Borbón, in 1910 was greeted with profound and sincere enthusiasm; the raising of the Spanish diplomatic representation in Buenos Aires to the category of an embassy in connection with the celebrations of 1916 was reciprocated by a similar step with reference to the Argentinian legation in Madrid, and all was accompanied by frequent and fervent protestations of admiration.[3]

If words and international courtesies count for anything, surely the Hispano-American rapprochement has made much progress since the early days of the nineteenth century! In the field of the immediately practical no astonishing results

[1] Quoted in Labra, *Orientación Americana de España*, pp. 45-46.

[2] Argentina, Ministerio de Relaciones Exteriores y Culto, *Memoria* (1915-1916), pp. 215-217, (1916-1917), *passim*. See also Joaquín V. González, *La Argentina y Sus Amigos* (Buenos Aires, J. Lajouane y Cía., 1919), p. 7 *et seq.*

[3] Argentina, Ministerio de Relaciones Exteriores y Culto, *Memoria*, (1915-1916), pp. 215-217, (1916-1917), *passim*.

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have been achieved, although some progress has been registered. Arbitration treaties and various pacts relating to commercial, industrial and cultu ral matters have been signed, and there has been a growing tendency to refer matters of dispute between American states to the arbitration of the Spanish government. The movement of trade between Spain and the Hispanic-American countries will prove disappointing to those who are searching for this supposedly solid basis for intimacy. Spain's commerce with these states in 1907 was only half what it had been in 1897. This was due largely to the loss of Cuba. But no remarkable increase has been recorded since 1907. In 1913 Spain furnished only three and one-half per cent of the total commerce of Hispanic America, while she purchased from it a still smaller portion of its exports. By 1918 these percentages had risen to about four and one-half and a little more than two and one-half, respectively, while in 1919 the relative percentages decreased, although the absolute bulk increased.[2]

One's estimate of the importance of this Pan-Hispanic movement in Hispanic America will depend, however, upon his theory as to the forces determining national policies and national action. Those who are convinced that economic considerations are the controlling element will be inclined to give it small weight. On the other hand, alarmists who expect the era of national combats to be superseded by titanic inter-racial struggles and those who give great weight to cultural and idealistic influences will take a very different view of the matter. It seems to me that the future of the movement will be conditioned largely by three factors: (1) the progress of liberalism and the continuance of economic prosperity in Spain; (2) the persistence of Yankeephobia among the Hispanic-American peoples; and (3) the prevalence in Hispanic America of that social philosophy which maintains that the social problems of these republics can be solved only by a revival of racial pride, a return to the culture and the ideals of the Spanish race.

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[1] Pan-American Union, *Bulletin*, January and November, 1919; May, 1921, *passim*. Data for 1920-1921 are not available.

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# PROPOSALS FOR THE NEUTRALITY OF THE BRITISH COLONIES

THE question of the neutrality of the British colonies is by no means new. It is a hardy perennial which keeps cropping up from time to time at moments of international complication and danger. From the days of the American colonies to our own time it has troubled the minds of colonial and imperial statesmen. In times of peace the issue lies quiescent and apparently dead, but on the outbreak of war it quickly revives. During the World War it took on a new and more vigorous lease of life.[1] The Treaty of Versailles and the conference at Cannes[2] have given it an additional significance. In brief, the question has been transformed from a theoretical issue into a matter of practical politics. The self-governing Dominions have undoubtedly acquired a new international status but it is by no means certain what that status is in international law or according to the provisions of the League of Nations. The question nevertheless is one which may require an early answer.

Probably the earliest attempt to secure immunity for the colonies in time of war is to be found in the closing days of the Stuart régime. The exposed position of the colonies was a continual source of trouble to the English and French governments throughout the seventeenth century. European wars were fought out again on a smaller scale in the overseas possessions. The French government at this time was anxious to arrange a political and commercial treaty with England and had sent a special commissioner to London for that purpose. The moment was opportune to effect such an arrangement, as King

[1] On the outbreak of the war Germany proposed that the colonies of the respective belligerents should be neutralized, but Great Britain refused to entertain the suggestion.

[2] Article IV of the abortive Anglo-French alliance provided that "the present treaty shall impose no obligation upon any of the Dominions of the British Empire unless and until it is approved by the Dominion concerned."



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James II was engaged in a bitter controversy with Parliament and felt the need of French support to maintain his throne. A secret agreement was accordingly concluded, one of the clauses of which provided for the neutrality of their respective possessions in case of war between the two nations.[1] The Revolution of 1688, however, put an end to this entangling alliance and nothing more was heard of the matter for many years.

The subject naturally attracted much greater interest in the colonies than in England. From the very beginning, the question of the international status of the colonies has been closely bound up with, and dependent upon, their constitutional relations to the mother country. The colonies were looked upon at first as appanages of the Crown rather than as parliamentary possessions. They derived their powers from the king and carried on their governments subject to his general supervision. It was not until the last half of the seventeenth century that Parliament began to interfere actively in colonial affairs. Some of the colonial governments did not take kindly to this exercise of superior authority over them. Massachusetts took the lead in challenging this attempted usurpation of powers. In 1679, the local assembly distinctly repudiated the new doctrine of imperial parliamentary supremacy and asserted a constitutional equality with the Parliament of Westminster.[2] According to this conception, the relation between the English and colonial governments was in the nature of a personal union under a common sovereign. But, unfortunately for the colonies, Massachusetts was unable to maintain her constitutional contention. She was more than two centuries ahead of the times. Had she succeeded in her claims the whole course of imperial history might have been changed. The Empire would have been speedily transformed from a great imperial state with dependencies into a league or association of equal and independent nations in war as in peace. In other words, the several governments would have been free to direct their own foreign as well as domestic policies according to their particular desires and interests.

[1] Goldwin Smith, *Canada and the Canadian Question*, p. 274.

[2] Story, *Commentaries on the Constitution*, vol. I, p. 173.

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For the most part the supremacy of the British government in matters of war and peace was seldom questioned in the colonies. A royal declaration of war was legally binding on the whole Empire irrespective of the wishes or interests of the particular colonies. But the colonies were still left free to determine what part, if any, they would play in the war. Upon this matter there was the widest divergence of policy and practice among the colonies. The northern colonies, by reason of their exposed situation, generally found themselves either voluntarily or involuntarily engaged in a bitter struggle with their French neighbors, whereas the Quakers of Pennsylvania and the inhabitants of the southern colonies usually declined to participate in these wars unless their territories were threatened by invasion. In 1745, for example, upon learning of the outbreak of war in Europe, Massachusetts proceeded to raise an armed force to attack Louisburg, without even waiting for the approval or military assistance of the home government.[1] Great indeed was her anger and disappointment, therefore, when the British government saw fit to hand back her conquest to the French on the conclusion of peace without even taking the trouble to consult her in regard to its disposition. She felt, and justly felt, that she had been swindled out of her victory. In the end, therefore, Massachusetts found herself worse off than her sister colonies which had declined to render aid and had maintained an attitude of virtual neutrality throughout the struggle.

The colonies, moreover, possessed a limited war-making power for purposes of local defense. In some cases this power was expressly conferred by charter, but in the absence of any such grant, the colonies did not fail to exercise the right whenever the circumstances seemed to require it. The independent exercise of this right sometimes led to serious difficulties, inasmuch as the colonial governments could not always agree upon a common course of action in dealing with the enemy. Each government felt free to pursue its own interests irrespective of the wants or necessities of the sister colonies. The colonies had an excellent object-lesson, as regards the danger of dis-

[1] Parkman, *A Half-Century of Conflict*, vol. III, p. 86.

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union, in 1754, when a majority of the colonial assemblies declined to come to the aid of Virginia in repelling a dangerous French invasion.

A few of the far-seeing leaders in the colonies had long foreseen the need for uniform action in matters of general concern, particularly foreign affairs. An intercolonial conference was accordingly called at Albany, at which a plan of union was drawn up by Benjamin Franklin for submission to the British government and the colonial legislatures.[1] By one of the provisions of this plan, "the president-general" or governor-in-chief of the proposed federation was authorized, with the advice of the Grand Council, "to hold and direct all Indian treaties in which the general interest of the colonies may be concerned; to make peace or declare war with the Indian nations." The reason for this proposal is clearly set forth in the accompanying explanation,

> but if, in consequence of this power [namely, the independent power of making peace and war] one colony might make peace with a nation that another was justly engaged in war with; or make war on slight occasions without the concurrence or approbation of neighboring colonies greatly endangered by it; or make particular treaties of neutrality in case of a general war to take their own private advantage in trade by supplying the common enemy; of all which there have been instances; it was thought better to have all treaties of a general nature under a general direction that so the good of the whole may be consulted and provided for.

In the minds of the framers of this instrument, the questions of federation, neutrality and treaty-making were all closely interrelated. But the Albany plan of Union signally failed. The scheme was rejected, both by the English Board of Trade and by the colonial assemblies to which it was presented. "The assemblies", according to Franklin, "all thought there was too much prerogative in it and in England it was thought to have too much of the democratic".[2]

About the same time the question of the neutrality of the

[1] *Albany Convention, 1754. Old South Leaflets,* vol. I, no. 9.

[2] *Ibid.*

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British possessions in the Far East was engaging the attention of the English government. In 1753 representatives of the French East India Company raised the question with the secret committee of the British East India Company and the matter was subsequently taken up by the French ambassadors with the English ministry.[1] The French East India Company proposed that both the shipping and the settlements of the respective companies "should enjoy the completest neutrality in case of conflict between the two countries." The British Company received the proposition with considerable favor but the English government, as was to be expected, would have nothing to do with it. To the latter, the project presented itself as a clever device of the French to save a portion of their commerce and possessions in time of war. Notwithstanding this rebuff, the French Company renewed its proposal not long after and offered to extend its scope so as to include the Dutch East India Company. The English Company again brought pressure to bear on the authorities at Westminster, but without avail. It soon realized the futility of further representation and dropped the subject.

Nothing further is heard of the proposal for almost a century. For many years after the American Revolution the British colonies played no part in English political life. They were too weak and insignificant to attract much attention at home or abroad. Tory imperialistic ideas were in the ascendency and the colonies were ruled from Downing Street with a firm hand. It was not until the middle of the nineteenth century that the colonies succeeded in freeing themselves from this oppressive régime. The grant of colonial self-government was soon followed by the fiscal emancipation of the colonies. The growing influence of the Little-Englanders threatened to carry this policy still further and to imperil the very existence of the Empire.[2] Many of the leading statesmen of the day, Tory as well as Whig, openly advocated the policy of dismemberment.

[1] Dodwell, *Dupleix and Clive*, p. 76.

[2] Egerton, *A Short History of English Colonial Policy*, pp. 366-69; Schuyler, "The Climax of Anti-Imperialism in England", POLITICAL SCIENCE QUARTERLY, December, 1921.

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The grant of responsible government to the colonies necessarily raised the question of colonial responsibility in the matter of defense. The British taxpayer was extremely anxious to get rid of the burden of colonial expenditure, especially in respect to military affairs. To this end a select committee of the House of Commons was appointed in 1861 "to inquire and report whether any and what alterations might be advantageously adopted in regard to the defence of the British dependencies and the proportion of cost of such defence as is now defrayed from imperial and colonial funds respectively." The recommendations of this committee were subsequently embodied in a resolution which was unanimously adopted by the House with an important amendment: [1]

> Resolved that this House while it fully recognizes the claim of all portions of the British Empire on imperial aid against perils arising from the consequences of imperial policy, is of opinion that colonies exercising the rights of self-government ought to undertake the main responsibility of providing for their own internal order and security and ought to assist in their external defence.

The colonies could not long remain indifferent to the manifest course of English policy. The British government had evidently determined to get rid of its colonial responsibilities as soon as possible. This principle was accepted by successive administrations as part of the settled policy of the Empire. From 1867 onwards the process of withdrawing British troops from the colonies was gradually carried out. There were serious complications at the time in Europe and the government felt the need for concentrating its forces at home. The colonies realized their danger and protested in the strongest terms but their protests fell on deaf ears. By 1873 the policy of withdrawal was so far realized that the under-secretary of state for the colonies was able to announce that "the military expenditure for the colonies was now almost entirely for imperial purposes".[2]

[1] Hansard, *Parliamentary Debates*, 164: 1408.

[2] *Ibid.*, 214: 1531.

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It was a crucial period in imperial history. There was a general spirit of unrest and dissatisfaction throughout the colonies. In Australasia, several of the colonial governments, particularly that of Victoria,[1] were engaged in warm constitutional controversies with the Colonial Office. Public opinion was still further aroused over the apparently heartless indifference of the British government to the perils of the New Zealand settlers during the Maori War.[2] The colonies felt that they were being cast off by the mother country without due consideration of their needs. They had been thrown on their own resources and henceforth must needs make provision for their own defense.

The matter first came to a head in definite form in the Victoria legislature. Mr. Higinbotham, the foremost champion of the principle of colonial autonomy,[3] brought forward a series of resolutions in the Assembly which raised the whole issue of the future relations of the colonies to the mother country.[4] In the course of the debate Gavan Duffy, a prominent Irish Australian politician, threw out a suggestion that the colonies should be allowed to declare their neutrality in case of war.[5]

If an understanding could be arrived at with the great powers of Europe that British colonies, quasi-independent states—unless they thought proper to lend assistance to the Mother Country in war, unless they elected to declare it a just war which they would take part in—should be relieved from the responsibility, that would be a status upon which the connection between the colonies and the Empire might be made permanent. But a result of this sort is not to be obtained by abstract resolutions. It is to be obtained first by an understanding among the colonies themselves, next by an understanding with the imperial government and finally perhaps by opening negotiations through the imperial government with the great powers of Europe who have lately modified the old rule of international law. This seems to me a partial solution of the difficulty.

[1] Keith, *Responsible Government in the Dominions,* vol. I, pp. 163-168.

[2] Victoria, *Votes and Proceedings of the Legislative Assembly,* 1869, vol. I, pp. 523, 809, 827.

[3] Morris, *Memoir of George Higinbotham,* pp. 160-189.

[4] Victoria, *Parliamentary Debates,* Nov. 13, 1869.

[5] *Ibid.*

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A few days later the question came up at an intercolonial conference at Melbourne on a motion by Hon. J. H. Barrow of South Australia, in respect to the withdrawal of the imperial troops: [1]

> As the dispatches received from Her Majesty's government on the subject of military protection in Australia embody terms and conditions which cannot be accepted with due regard to the general interests of the various colonies and lead to the conclusion that the imperial troops will be speedily withdrawn, thus throwing the Australias entirely upon their own resources; that under these circumstances it is desirable that the governments of the several provinces should prepare a memorial to Her Majesty praying Her to cause steps to be taken by treaty or otherwise, that will secure to these colonies as far as practicable, the position of neutral states in time of war.

The motion was defeated, however, and a substitute resolution was adopted drawing the attention of Her Majesty's government "to the duty of providing at all times, and especially in time of war, for the naval defence of the Australian coasts and shipping and expressing the confidence of the colonies that this obligation would be recognized by the imperial government."

Not long after, Mr. Duffy introduced a resolution for the appointment of a Royal Commission to report upon his favorite project of a federal union of the Australian colonies.[2] In support of his motion he referred to the recent federation of the Canadian provinces and emphasized the need for similar action on the part of the Australian colonies in view of the existing foreign complications and the withdrawal of the British troops.[3] Mr. Higinbotham, however, refused to have anything to do with the proposed commission, both on constitutional grounds and because of its apparent anti-imperialistic tendencies.[4] Notwithstanding these objections, the motion was adopted without a division. The membership of the Commission was worthy of

[1] Victoria, *Votes and Proceedings of the Legislative Assembly*, 1870-71, vol. II, no. 30.

[2] *Ibid.*, 1870, vol. I, p. 119.

[3] Victoria, *Parliamentary Debates*, 1870, vol. X, p. 689.

[4] *Ibid.*, p. 691.

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the importance of the subject under consideration.[1] Most of the members had held or were destined to hold high ministerial office; three of them in fact, soon after succeeded to the premiership.[2] Both political parties were well represented on the committee, although the Liberals were in a majority.[3]

The Commission presented its report at a critical moment in international affairs. News of the outbreak of the Franco-German War had just reached Australia. The opinion was generally prevalent that England might be drawn into the war in defense of her European interests. The Australian colonies at the moment were practically defenseless. The regular troops had just been withdrawn, the British fleet was temporarily absent, and a French squadron was reported to be cruising off the coast. It is a little wonder, in the circumstances, that the recommendation of the Commission was of a striking, if not a revolutionary, character.

The report of the Commission reflected to a large degree the chairman's own political views and philosophy. Thanks to his experience in British politics, Mr. Duffy had gained an outlook on, and knowledge of, public affairs which was much broader than that of many of his colleagues in the legislature. He clearly saw that colonial policy could not be permanently divorced from imperial and foreign affairs. He was quick, therefore, to take advantage of the opportunity to link up the question of neutrality with that of a federal union of the Australian group.

The British colonies, from which imperial troops have been already withdrawn, present the unprecedented phenomenon of responsibility without corresponding authority or adequate protection. They are as liable to all the hazards of war as the United Kingdom, but they can influence the commencement or continuance of war no more than they can control the movement of the solar system and they have no assur-

[1] Messrs. Duffy, Fellows, Sullivan, MacMahon, MacGregor, Langton, Casey, Kerferd and Berry of the Assembly, and Hon. J. Graham of the Council.

[2] Messrs. Duffy, Kerferd and Berry.

[3] Messrs. Fellows, Langton and Kerferd were members of the Conservative party.

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ance of that aid against an enemy upon which integral portions of the United Kingdom can confidently reckon. This is a relation so wanting in mutuality that it cannot safely be regarded as a lasting one and it becomes necessary to consider how it may be so far modified as to afford a greater security for permanence.

It has been proposed to establish a council of the Empire whose advice must be taken before war was declared. But this measure is so foreign to the genius and traditions of the British Constitution and presupposes so large an abandonment of its functions by the House of Commons that we dismiss it from consideration. There remains, however, we think, more than one method by which the anomaly of the present system may be cured.

It is a maxim of international law that a sovereign state cannot be involved in war without its own consent and where two or more states are subject to the same Crown and allies in peace they are therefore not necessarily associates in war if the one state is not dependent on the other. . . .

The colony of Victoria, for example, possesses a separate parliament, government, and distinguishing flag; a separate naval and military establishment. All the public appointments are made by the local government. The only officer commissioned from England who exercises authority within its limits is the Queen's representative; and in the Ionian Islands, while they were admittedly a Sovereign State, the Queen's Representative was appointed in the same manner. The single function of a Sovereign State, as understood in International Law, which the colony does not exercise or possess, is the power of contracting obligations with other states. The want of this power alone distinguishes her position from that of states undoubtedly sovereign.

If the Queen were authorized by the Imperial Parliament to concede to the greater Colonies the right to make treaties, it is contended that they would fulfill the conditions constituting a Sovereign State in as full and perfect a sense as any of the smaller states cited by public jurists to illustrate this rule of limited responsibility. And the notable concession to the interest of peace and humanity made in our own day by the Great Powers with respect to privateers and to merchant shipping renders it probable that they would not, on any inadequate grounds, refuse to recognize such states as falling under the rule.

It must not be forgotten that this is a subject in which the interests of the Colonies and of the Mother Country are identical. British statesmen have long aimed not only to limit more and more the expenditure incurred for the defence of distant Colonies, but to withdraw more and

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more from all ostensible responsibility for their defence; and they would probably see any honorable method of adjusting the present anomalous relations with no less satisfaction than we should.

Nor would the recognition of the neutrality of the self-governed colonies deprive them of the power of aiding the Mother Country in any just and necessary war. On the contrary, it would enable them to aid her with more dignity and effect, as a Sovereign State could, of its own free will, and at whatever period it thought proper, elect to become a party to the war.

We are of the opinion that this subject ought to be brought under the notice of the Imperial Government. If the proposal should receive their sanction, they can ascertain the wishes of the American and African Colonies with respect to it, and finally take the necessary measures to obtain its recognition as a part of the public law of the civilized world.[1]

All the members of the Commission, save Mr. Fellows, a stanch imperialist, signed this part of the report. This result is all the more surprising in view of the bitterness of party feeling which then prevailed.

The report served to bring out clearly the unsettled state of public opinion on imperial questions. The colonies had waged a long struggle against the meddlesome interference of Downing Street in colonial affairs and had at last succeeded in winning an almost complete victory. In more than one quarter the struggle had engendered a critical, if not hostile, feeling towards the mother country. From the days of Rev. Dr. Lang there had been a small republican group in the colonies,[2] and its members had been further recruited by the influx of Irish immigrants. Moreover, the direction of public affairs was gradually passing out of the hands of the older generation of British settlers into the hands of the rising class of native-born Australians. The younger generation were essentially national in their outlook, and it was by no means certain what attitude they would take on imperial questions. For the time being, they were principally concerned with local and intercolonial issues, but they could not entirely neglect the new set of inter-

[1] *Parliamentary Papers*, 1870, Sess. 2, II, 247.

[2] Allin, *The Early Federation Movement of Australia*, p. 283.

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national problems which were arising off the Australian coast. The grand scramble for the Pacific Islands had begun. The interests of the Australasian colonies had already clashed with the policy of the British government in the Pacific and the colonies had been made to realize that they could not count upon the wholehearted support of the mother country in case of a conflict with a European state.[1] It almost seemed as if the status of independence might be forced upon them if only to protect their own special interests.

The majority of the colonists, however, were not yet ready to give up their British citizenship, nor did they care to assume the full burdens and responsibility of nationhood. They were dissatisfied with the status of dependency though not yet ready for separation and independence. They were seeking for a readjustment of their imperial relations, but they did not know exactly which way to turn and what to do. There was little doubt as to the sincerity of the sentimental attachment of the great body of the colonists to the mother country. On the other hand there was a question as to their willingness to make material sacrifices for the furtherance of imperial policies upon which they had not been consulted and in which they had no special interest.

The Commission made short shrift of the alternative proposal for an imperial war council. The creation of an imperial council had long been a favorite device of the Tory imperialists to bring about a closer constitutional bond within the Empire. It was one phase and a most important one of the magnificent program of imperial federation. But the colonial autonomists would have nothing to do with such projects of imperial unification. The whole course of colonial history, as the report pointed out, had been in the opposite direction. Colonial self-determination, not centralization, was the true imperial goal. They had indeed good reasons to be suspicious of Downing Street, and of all proposals which looked to the revival or augmentation of imperial authority.

[1] Speech of Premier Stafford, New Zealand, *Parliamentary Debates*, 1868, vol. 4: 199.

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The report of the Commission, it is interesting to observe, did not propose the establishment of a permanent status of neutralization, under an international guarantee, as in the case of Belgium and other European states. It did not even go so far as to demand a status of absolute neutrality in time of war. A proposal to this effect would certainly have encountered the strongest opposition from the loyalist population. To obviate this opposition, the Commission suggested a status of optional neutrality in which the colonies would be at liberty to lend England a helping hand in time of need. This conception, it may be observed, is more nearly akin to the idea of benevolent neutrality as entertained in the seventeenth and eighteenth centuries than to the present-day requirements of strict impartiality and nonparticipation.

The key to the whole situation in the opinion of the Commission lay in the grant of the treaty-making power. If this concession could be won, the colonies would soon enter the ranks of semi-sovereign states. Complete independence was undoubtedly necessary to full membership in the circle of nations, but a limited international status might be acquired through the possession of certain international rights and immunities, such as the possession of an international flag, the *jus legationis* and the right to enter into agreements with foreign states.[1] It was to this semi-sovereign status that the Commission aspired. Of these powers the treaty-making was undoubtedly the most important one. This power once conceded, the others would soon follow as a matter of course.

Notwithstanding its striking recommendation, the report failed to attract much public attention either in Victoria or in the sister provinces. That colony was passing through one of its periodic ministerial crises, during which the attention of the members of the legislature and of the public was naturally concentrated on the moves in the political game to the exclusion of more important outside questions. As an upshot of the crisis, Mr. Duffy succeeded to the premiership,[2] but so precarious was

[1] The Charkich, L. R. 4 A. & E. 59. Scott, *Cases on International Law*, p. 48.

[2] Turner, *History of the Colony of Victoria*, vol. II, p. 156.

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his support that he was forced to devote all his political skill and energy to the single task of holding his position. His federal and neutrality proposals accordingly were quietly set aside until a more convenient season.

The question, however, was not entirely overlooked in the legislature. The subject came up incidentally in the course of a discussion on the proceedings of the intercolonial conference at Melbourne in 1871.[1] This conference had been greatly enlivened by a sharp controversy between Sir James Martin, Prime Minister of New South Wales, and Mr. Duffy over the colonial policy of the British government. Sir James Martin, who was a stanch imperialist, had introduced and secured the adoption of a memorandum on the question of imperial preferential trade, one clause of which practically amounted to a declaration of want of confidence in some of the leaders of the British government: "We desire that the connection between the Mother Country and her offspring in this part of the world should long continue and we emphatically repudiate all sympathy with the views of those who in the imperial Parliament and elsewhere have expressed a wish that the bonds which unite us should be severed."[2] Mr. Duffy had strongly objected to the resolution on the ground that it cast an unwarranted reflection upon the honor of Mr. Gladstone and the patriotism of the Liberal party in England. For this action, he was subsequently called to account by the opposition in the Victoria Assembly. Many of the members of the House, particularly the Orangemen and ultra-imperialists, had long suspected the loyalty of the Prime Minister.[3] His conduct at the conference apparently furnished sufficient evidence upon which to base an attack. The lead was taken by Mr. Fellows.[4] The people of the colonies, he declared, objected not only to the policy of separation but also to the project of neutralization. They had no desire to disown the treaty-making power of the imperial

[1] New South Wales, *Votes and Proceedings of the Legislative Assembly*, 1871-2, vol. I: 845.

[2] Victoria, *Parliamentary Debates*, 1871, vol. 13: 1481.

[3] Rusden, *History of Australia*, vol. III, p. 274.

[4] Victoria, *Parliamentary Debates*, 1871, vol. 13: 1588.

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government. "If they wanted to get rid of imperial obligations, they must cut the painter". To the imperialists of the House, "neutrality meant separation and nobody wanted that."

The question of imperial relations naturally aroused much greater interest in the Legislative Council than in the Assembly. The Council, by reason of its nominative character and aristocratic personnel, was the special champion of the imperial connection. Many of its members had been watching with grave misgivings the nationalist agitation of the Prime Minister and his friends. The time had come, in their judgment, to call a halt to these attempts to stir up real or imaginary grievances against the mother country. Mr. O'Shanassy, a veteran Irish Australian politician, and a doughty imperialist, accordingly introduced a declaratory resolution in respect to the treaty-making power of the Crown: "This House considers that no advantage could result from the claims set up on behalf of the Australian colonies to make treaties with foreign states which would compensate them politically or commercially for the risk thereby involved of endangering the connection now happily subsisting between all parts of the Empire".[1] Although the resolutions of the Melbourne conference, Mr. O'Shanassy contended,[2] did not expressly demand the right to enter into international agreements, they did indirectly imply it. "That demand in fact involved separation." The colonies were undoubtedly entitled to claim the right to enter into colonial agreements with one another, but this right should not be permitted to encroach upon the full treaty-making power of the Crown.

The debate afforded the Council an excellent opportunity of attesting its loyalty to the Crown, which it did in no uncertain terms. Only one of the members, Mr. A'Beckett, a prominent protectionist leader, ventured to express the hope that some day the Australian colonies would become an independent nation,[3] but he felt himself so hopelessly in the minority that

[1] *Parliamentary Papers*, 1873, C. 703.

[2] Victoria, *Parliamentary Debates*, 1872, vol. 15: 1272.

[3] *Ibid.*, 1286.

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he did not even call for a division. The resolution was carried unanimously.[1]

A copy of the report of the Commission was sent to the colonial secretaries and many of the prominent politicians of the sister colonies. The federal feature of the report met with a favorable reception, but the neutrality proposal was received with more or less scepticism. On the whole, the criticism was less adverse than might have been expected. A majority of the replies were discreetly silent on the question of neutrality, particularly in the case of members of the several governments. The leaders of the opposition, on the other hand, felt much more at liberty to express their individual opinions.

Mr. Duffy's program met with a more friendly response in South Australia than in the other colonies. The political leaders of that colony have prided themselves on their progressive spirit and open-mindedness. On this occasion two of the most influential public men of the colony came out strongly in favor of the policy of neutrality. The question, Mr. Strangways[2] declared, "ought to be dealt with at once." An imperial act should be passed raising the colonies to the dignity of sovereign states and conferring upon them all the powers necessarily incident to that status, subject however, to the jurisdiction of Her Majesty upon certain reserved matters. Such a position would not be inconsistent with the maintenance of the protection of the British navy, although a difficulty, he admitted, might arise if England should use colonial ports to facilitate naval operations. Mr. Boucaut[3] was equally emphatic in his endorsement of the necessity and timeliness of the proposal particularly in view of the fact that the colonies had not the slightest voice in deciding on peace and war and that their wishes or interests were not even considered in determining the issue. Moreover, the pacific policy of the Gladstone government had reduced the mother country to a state of naval and military unpreparedness where she was no longer capable of

[1] Victoria, *Parliamentary Debates,* 1872, vol. 15 : 1292.

[2] Former Chief Secretary of the colony. Mennell, *Dictionary of Australasian Biography,* p. 441.

[3] Former Attorney-General, later three times Prime Minister. *Ibid.,* p. 49.

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protecting the colonies in case of international emergency. "The first thing they might hear of England being at war would be a hostile Russian expedition."

In New South Wales, Sir James Martin, as was to be expected, came out flat-footed against the proposal.[1] The concession of the treaty-making power, he contended, carried with it, by necessary implication, the right to remain neutral in time of war. Neutrality in turn meant separation, "the greatest calamity which these small communities could sustain." The colonies had no reason to fear for the future since England would be ready to employ her full naval and military strength for their protection in case of need. Sir T. A. Murray, the president of the Legislative Council, likewise attacked the proposal on the grounds of its impracticability.[2] "So long as we form a part or parts of the Empire, we must share the fortunes of the Empire in war as well as in peace. No enemy that had the means or power to attack us would respect our neutrality".

Throughout the colonies, the question awakened a greater interest outside the legislature than within. The press for some time carried on an animated controversy over the issue. *The Age*, the leading organ of the Liberal Protectionist party in Victoria, threw itself into the contest with characteristic enthusiasm.[3] In a series of brilliant editorials, it bitterly arraigned the Little-Englander policy of Earl Granville, Secretary of State for the Colonies. The British government, it charged, had repudiated its primary duty of defending the colonies. Colonial neutrality was the necessary consequence of the English policy of "scuttle". "A community which was liable to be called upon to make an independent defence in time of war must have the corresponding power of making independent peace and consequently the right to declare war or remain neutral". Now that Victoria had become so much of a sovereign state as to possess an independent navy, it followed that she must perform all the

[1] Letter to Mr. Duffy, Dec. 5, 1870.

[2] Letter to Mr. Duffy, Oct. 23, 1870.

[3] Editorial, October 10, 1870.

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sovereign duties and enjoy all the sovereign benefits appertaining to her new position. "If then the right to a neutral flag were denied to the colonies, there was no other way out of the difficulty than by accepting Earl Granville's ultimatum as a notice to quit."

Shortly after, *The Age* shifted the center of its attack to somewhat firmer ground.[1] A mere grievance against the Colonial Office was scarcely sufficient to justify a change in imperial relations, especially in view of the fact that the colonies had been protesting against imperial control of colonial affairs. From a military standpoint, the withdrawal of the imperial troops might appear as an act of base desertion, but from a political point of view, as the Liberals clearly recognized, it was an important step in the development of colonial nationalism. It was much more logical, therefore, for the colonial nationalists to rest their case upon the real or supposed incompatibility of colonial and imperial interests. "A country like Australia," *The Age* declared, "nominally connected with England but separated from it by half the circumference of the globe, and consequently having no community of social or material interests with it, cannot properly be identified with it in war. This exceptional position is the ground-work of the proposed neutrality."

Several other leading papers with Liberal political affiliations including the Melbourne *Leader*,[2] the Adelaide *Observer*,[3] the Sydney *Empire*,[4] and the Hawkes Bay *Herald*[5] of New Zealand, also favored the neutrality program. The two latter papers, however, supported the project with some misgiving and qualifications. They agreed that some remedy must needs be found for the "anomalous" position of the colonies, but they were by no means sure that neutrality was the best or only possible remedy, though it did hold out certain great practical advantages. The *Empire* was especially pleased with that phase of the report which reserved to the colonies the right of coming to the assistance of the mother country in case of need.

[1] Editorial, Jan. 21, 1871.
[2] Editorial, Oct. 8, 1870.
[3] Editorial, Oct. 10, 1870.
[4] Editorial, Oct. 10, 1870.
[5] Editorial, Mar. 10, 1871.

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"But it would be in accordance with the loyal attachment of the colonists to the nation from which they have sprung to have in reserve the right which the law of nations would secure to them of entering into the struggle as her allies and encountering all the risks of war for her sake."

The Conservative papers, on the other hand, were generally hostile to the whole proposal. Many of them still held fast to the ancient tradition of imperial loyalty and dependency, in the face of the growing spirit of colonial nationalism. They would gladly have dismissed the whole question summarily but did not dare to do so in view of its momentous character and its popular appeal to nationalist sentiment. The Melbourne *Argus*,[1] the leading Conservative paper of Victoria, characterized the one-sided neutrality feature of the report as "too preposterous to be entertained for a moment". The relation of the colonies to the British Crown "was causal and not casual". The grant of the treaty-making power did not assure the immunity of the colonies since foreign states could not be expected "to take notice of our internal arrangements". The Sydney *Morning Herald* took much the same position.[2] The *Daily Telegraph* was inclined to believe that a federation of the Empire held out better prospects of solving international problems than did the policy of neutrality. In the end, the colonies would have to choose between "sharing England's perils or renouncing her glories".[3]

The neutrality movement was based upon a combination of three distinct factors; colonial pique, national pride and the law of self-preservation. The colonists, as we have seen, were greatly annoyed at the many manifestations of the influence of the Little-Englanders on the policy of the British government. The Manchester School, unfortunately, reserved much of its idealism for international affairs. Its policy on imperial matters was too often narrow-minded and materialistic. It was always prone to sacrifice the economic welfare of the colonies in the interest of imperial free trade. In furtherance of this policy

[1] Editorial, Oct. 7, 1870.

[2] Editorial, Aug. 11, 1870.

[3] Editorial, Oct. 6, 1870.

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the English government had inserted a clause in the constitutions of the Australian colonies, prohibiting them from imposing differential duties, even in respect to intercolonial trade.[1] Against this obnoxious limitation, the colonies had protested in vigorous terms [2] but the protests served only to call forth didactic dispatches from the Colonial Office on the wisdom of free trade.[3] The indignation of the Australian colonies was the more justifiable since the Canadian provinces had long enjoyed the right of entering into reciprocal commercial relations with one another. To add still furthur to their indignity, they were obliged to listen at the same time to frequent well-intended intimations that the time had come for them to set up independent establishments of their own. A majority of colonists were indeed both ready and willing to take over the management of their own affairs, but they did resent most keenly the tone of these criticisms in view of the restrictive policy of Downing Street. In brief, the whole attitude of the English government seemed at times to be selfish and hypocritical.

The neutrality program was also an expression of a growing sense of Australian nationalism. The colonies were developing a group consciousness of their own. They were no longer content to be dependencies but were aspiring to a higher national and international status. Federation and neutrality were complementary policies. One of the chief objects of the proposed federal union was to enlarge the constitutional powers of the colonies. The right of colonial self-government had gradually been extended from purely domestic to intercolonial and imperial questions of a commercial character. The attempt was now being made to extend these rights still farther so as to include the great residuary imperial powers of peace, war and treaty-making. The spirit of colonial nationalism could not be limited to intra-imperial questions only; it soon sought an international sphere of activity. The policy of neutrality was a striking expression of this new sentiment. The internal and

[1] Allin, *Early Federation Movement of Australia,* Appendix B, p. 423.

[2] *Parliamentary Papers,* 1872, C. 676.

[3] Victoria, *Votes and Proceedings of the Legislative Assembly,* 1871, vol. I, B. no. 4.

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external relations of the colonies could not be kept permanently separate in air-tight compartments. The grant of a Dominion status carried with it, necessarily, in course of time, a concession of the right of independent action in foreign affairs.

The primary factor in the neutrality agitation, however, was the need for defense. The colonies had long been accustomed to look to the British government for protection against foreign danger. Their isolation from Europe had strengthened their sense of security. But this false feeling of safety quickly disappeared with the withdrawal of the British troops. The Australian colonies suddenly found themselves face to face with the great Russian bear in the Pacific and embroiled at the same time in a serious controversy with France over the disposition of the neighboring oceanic islands. For many years they had enjoyed all the advantages of British protection without any of its burdens and responsibilities. But the British tax-payer had at last revolted against this one-sided arrangement. The tables were quickly turned. The colonies now found themselves called upon to assume the burden of their own military defense without having any control over foreign policy. They were both unprepared and defenseless. They had clamored for greater rights of self-government but were now alarmed at the new responsibilities which were thrust upon them. From the political standpoint, their position was indefensible. They were desirous of holding on to the advantages of British connection without at the same time sharing its dangers. They had found shelter so long behind the skirts of the mother country that they naturally looked around for a safe hiding-place when this protection was withdrawn. The policy of neutrality was far from heroic, but it held out the prospect of immunity from foreign attacks. The difficulty was to reconcile this policy with their allegiance to the British Crown.

The report of the Commission attracted but litle attention in English political circles. The government took no notice of it whatever, and Parliament was too much absorbed with local partisan questions to pay any attention to what was going on in the Antipodes. The British public was still hopelessly insular in its outlook. For the most part it was ignorant of, or indif-

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ferent to, what was going on in the colonies, save in so far as colonial policies and events affected the course of British trade. The nation had not yet begun to think imperially. A few of the London papers, however, were making a praiseworthy effort to keep in touch with colonial affairs. Fortunately, the Commission's report did not escape their attention nor did they fail to see the significance of this new phase of imperialism.

The proposal, in the judgment of *The Times*,[1] was "too artificial" to be recognized by foreign belligerents. So far as England was concerned, there was no desire to let the colonies go or to resist their separation if they thought it best to cut loose. "As for the rest, time and events will best teach us how to promote and secure those relations of amity and affection which at present are happily strong and undisturbed." *The Economist* was even more critical in its analysis of the plan.[2] The recommendations of the Commission, it admitted, were "most natural and human" in view of the particular circumstances, but the proposal itself was a tangle of inconsistencies. To correct a colonial anomaly it was proposed to set up other anomalies against Great Britain. A mere personal union between states divided by the whole earth would be as ridiculous as it would be inconvenient.

> The truth seems to be that both the United Kingdom and the colonies must choose boldly between the policy of independence and the policy of real identification of interests in all imperial matters. . . . A colony might be neutralized for a time as a sort of half-way house to separation, but to separation neutralization must inevitably lead. The first time that a colony found itself compelled to close its ports against a ship of war of the Mother Country, to pass a foreign enlistment act against us and to exhort its citizens to take no part in our quarrel, the final dissolution between that colony and the Mother Country would be a mere question of weeks and days.

The opposition or indifference of the motherland put a damper on the hopes of the Australian neutralists. They were forced to realize that they could not count upon the support of the British government as they had anticipated, and without

[1] Editorial, Dec. 6, 1870.

[2] Editorial, Dec. 1870.

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that support there was no hope of securing a recognition of the international status of the colonies, since the only constitutional means of communication with foreign nations was through the British Foreign Office. But this disappointment would not have sufficed to kill the movement if the neutralists had had strong backing at home. The colonists were accustomed to the *non possumus* attitude of the British government and the indifference of the British people. Almost every colonial reform had undergone some such experience, but so far from discouraging the colonists, these rebuffs had generally served to arouse their fighting spirit to such a pitch that the Colonial Office had been forced in the end to give way. But in this case the neutralists could not count upon the unanimous or whole-hearted support of their fellow-countrymen. The movement at best was a local and factional movement which failed to command the support of any political party or to make a national appeal.

The primary reason for the failure of the movement was undoubtedly its separatist character, as viewed by the general public. The movement was unfortunate in its leader. Mr. Duffy was a keen politician and a far-seeing political leader, but by reason of his early Irish revolutionary connections, he failed to command the same measure of public confidence that was vouchsafed to many of his less distinguished contemporaries. There was no valid reason after his migration to Australia to doubt his loyalty to the Crown or his devotion to the interests of his adopted country.[1] It must be admitted, however, that notwithstanding his vigorous Australian nationalism, he never succeeded in freeing himself from certain pronounced Irish prejudices and predilections to which a majority of his fellow citizens decidedly objected. His views on imperial problems were always subjected to the closest scrutiny by his political opponents with the aim of discovering, if possible, any evidence of anti-English feeling. In this case, the public was by no means sure as to the motives which were back of the proposal or as to the ultimate end in view. According to popular opinion, there were indeed two Duffys, the Irish suspect

[1] For contrary view see Rusden, *History of Australia,* vol. II, p. 302.

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and the Australian patriot. The question arose, therefore, which of the two was speaking in the report, and upon that question there was a division of opinion.

But the proposal itself, apart altogether from its author, was generally regarded as unsound in principle and dangerous to the British connection. The general public was not able to distinguish between neutrality and separation. Both the proposal and the arguments which were advanced in its support seemed to point in but one direction, namely, independence. The colonists did not understand the dual or reversible conception of citizenship which neutrality entailed. They were proud of their British allegiance and did not take kindly to the idea of throwing it off according to the particular exigencies of the moment. They were not prepared to sell their citizenship for a mess of pottage.

The policy of neutrality, moreover, was generally regarded as unworkable in practice. The plan of the Commission was manifestly faulty in conception, defective in outline and inequitable in operation. It presented a whole series of legal difficulties as to the rights and obligations of the colonies toward the motherland and her enemies. It was by no means certain that foreign belligerents would recognize the neutrality of the colonies in such a jughandled arrangement. The policy of neutrality was at best an unsatisfactory compromise in which the colonies would still be subject to many of the limitations of dependencies without attaining all the advantages of independent citizenship. Their constitutional and international status would still be uncertain. As neutrals, they could not count upon either English protection or international immunity. It is small wonder, in the circumstances, that a majority of the colonists were of the opinion that complete independence would be preferable to a qualified neutrality in case a change of status should become necessary or expedient.

Shortly after the issuance of the report, European affairs took a more peaceful turn and this reacted unfavorably upon the neutrality movement. Great Britain, fortunately, was able to keep out of the Franco-German War. The policy of the mother country was manifestly peaceful and after the treaty of

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Frankfort the whole of Europe apparently settled down to a calmer and more sober existence. With the passing of the European war cloud, the colonies soon forgot all about their imperial war problems and turned once more to local politics and their old parochial issues.

But there was one international question which they could not overlook, namely, the French penal settlements in the Pacific. The colonies were justly indignant at this moral pollution of the Pacific, so close to their own shores.[1] But they could do nothing by and of themselves. Their only means of redress was to appeal to the British government to use its good offices to secure an abatement of the nuisance. From the standpoint of the Australian colonies, the center of international interest had shifted for the time being from Europe to the Pacific. The rôles of colonies and the mother country were now reversed. The colonies were no longer being dragged at the chariot wheel of the British war lords; they had climbed up on the steps of the chariot and were trying to get hold of the reins of the British Foreign Office and direct its policy in the Southern Pacific to their own political ends. In short, the colonists were desirous of setting up a Monroe Doctrine of their own under the British flag. They were asking for British intervention in Australasian affairs. The advantages of the British connection were brought home to the colonies in realistic form. The ground was suddenly taken from under the feet of the neutralists. Their own materialistic arguments were turned against themselves. The colonists found out from experience that British citizenship was an asset, not a liability, a means of protection, not a source of danger, and that their political and economic interests coincided in the long run with their loyal attachment to the Empire. When this fact was made manifest, the neutrality agitation quickly petered out and was soon forgotten. Nothing more was heard of the subject until the South African War again revived interest in the question.

But that is another story.

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[1] Quick and Garsan, *Annotated Constitution of Australia*, pp. 110-11.

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# THE RISE OF ANTI-IMPERIALISM IN ENGLAND

BURKE was scarcely guilty of exaggeration when he said of Great Britain's old colonial policy that it was "purely commercial." It depended for its justification upon the doctrines of mercantilism, the politico-economic system that held sway in England from early modern times till the nineteenth century.[1] So long as those doctrines prevailed, colonies were prized because of the benefits which the mother country was supposed to derive from their trade, regulated by herself in her own interest—benefits which, it was believed, more than compensated her for the responsibilities and burdens of empire. But the time came when doubts were cast on the efficacy of the legal restrictions upon which mercantilism relied for the attainment of its objects, when the right of the mother country to rule colonial dependencies was questioned, when, above all, the fundamental assumptions and conclusions of the mercantile system itself were challenged. It was then that British anti-imperialism had its origin.

In his classic attack on mercantilism Adam Smith denounced the colonial system root and branch, going so far as to assert that it would be beneficial to the people of Great Britain as a whole if the colonies were abandoned. He definitely associated anti-imperialism with *laissez-faire* economics, and the Manchester School looked back to him as the original Little-Englander.[2] But even before the publication of *The Wealth of Nations*, some of the French physiocrats had condemned the old French colonial system, which was essentially similar to the British;[3] and an English contemporary of Smith's, Josiah

[1] It is impossible to describe the old British colonial system within the limits of this article. It can best be studied in the following works of George Louis Beer: *The Origins of the British Colonial System; The Old Colonial System*, Part I (2 vols.); *British Colonial Policy, 1754-1765; The Commercial Policy of England toward the American Colonies.*

[2] Goldwin Smith, *The Empire*, p. 21.

[3] *E. g.*, the elder Mirabeau, *Philosophie rurale* (Amsterdam, 1763), III, 224;



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Tucker, wrote a number of tracts during the period of the American Revolution, the central idea of which, as stated by himself, was that "the colonies in quarreling with the Mother Country are essentially hurting themselves; and are greatly, though not intentionally benefiting us, by obliging us to see and pursue our own true and lasting interests."[1] Tucker enjoyed some vogue in his own day, and several of his pamphlets on economic and political subjects went through a number of editions. He undoubtedly had some influence on the physiocrats; one of his economic tracts was translated into French by Turgot.[2] There is no evidence, however, that he either influenced or was influenced by Adam Smith; his published economic writings and the earliest of his colonial pamphlets appeared before the publication of *The Wealth of Nations*.[3] Tucker was not wholly unknown to the political economists of later times; J. R. McCulloch in his *Literature of Political Economy*, published in 1845, gave the titles of some of his tracts and remarked that his writings displayed "great sagacity",[4] and recently Professor Marshall has appraised Tucker's mind as one of "finest quality".[5] Some of Tucker's economic

*Œuvres de Turgot*, ed. by E. Daire, vol. II, p. 551 *et seq.* Brougham thus contrasted the attitude of the mercantilists and the physiocrats toward colonies (*An Inquiry into the Colonial Policy of the European Powers*, Edinburgh, 1803, vol. I, pp. 5-6): "The disciples of the Mercantile System found, in these distant branches of the state [colonies], an unlimited field for the trial of their theory, by imposing such restraints as might render the industry of the inhabitants subservient to the wealth of the mother country, and by opening for her produce a market of growing extent, in which positive regulations might secure an exclusive preference, or fix a high price. They have, accordingly, viewed such establishments with a decided partiality. . . . The œconomists [physiocrats], on the other hand, have viewed, with more than common jealousy, those distant settlements, which are peopled and cultivated at the mother country's expense, and which hold out the temptations of foreign trade, to allure capital and industry from the great source of national riches—the improvement of the productive powers of the land."

[1] *A Series of Answers to Certain Popular Objections against Separating from the Rebellious Colonies* (Gloucester, 1776), p. 40.

[2] *Œuvres de Turgot*, ed. by Daire, vol. I, p. 322.

[3] W. E. Clark, *Josiah Tucker*, pp. 33, 160, 217, 221-8.

[4] P. 51.

[5] *Industry and Trade*, p. 719 n.

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writings were never published, and most of his published pamphlets were of a controversial and ephemeral character—facts which should be taken into account in explaining why he exerted little influence on the subsequent course of English economic thought.[1]

Tucker was born in 1713 and resided at Bristol, as curate and rector, from 1737 to 1758, when he became Dean of the Cathedral at Gloucester. In spite of his duties as a clergyman he found time to write extensively upon economic and political questions. It is as an author of pamphlets on the relations between Great Britain and the colonies that he is usually remembered—when he is remembered at all—but years before the American Revolution he wrote a number of works on economics which show him to have been a keen observer and a bold reasoner. Most of them were written during the decade 1749–59, while he was living in Bristol, then next to London the largest city and the most important center of commerce in England. Of these, two, perhaps the ablest, *The Elements of Commerce and Theory of Taxes* and *Instructions for Travellers*, privately printed in 1755 and 1757, respectively, were never published and are now extremely rare. They were intended to form parts of a more comprehensive treatise on economics, an outline of which was appended to the *Elements*. This larger work Tucker never completed, but in Professor Walter E. Clark's *Josiah Tucker*, based upon an exhaustive study of Tucker's numerous writings, we have an excellent analysis of his economic system.

Tucker's anti-imperialism is to be explained, in part at least, by his economic opinions. Like the classical economists of later times he made self-interest the psychological basis of economics. Self-love he called "the great mover of created beings" and "that ruling principle of human nature."[2] But, un-

[1] The best bibliography of Tucker is to be found in Clark, *op. cit.*, pp. 241-258. In *The Journal of Political Economy*, vol. II, pp. 330-347, P. L. Ford listed all of Tucker's colonial tracts. The low state to which Tucker has fallen in the estimation of his countrymen is evidenced by the fact that the last edition of the *Encyclopedia Britannica* devotes only a single brief paragraph to him.

[2] Clark, *op. cit.*, pp. 75, 87.

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like the classical economists, he did not believe in the necessary harmony of individual and public interest.[1] He held that the pursuit of the former might be injurious as well as beneficial to the latter, and that it was the business of government so to direct self-interest that it would conduce to the general welfare.[2] One who took this view could be no advocate of *laissez-faire*, and in this respect Tucker is to be classed with the mercantilists rather than with the physiocrats and the classical economists.[3] It is true that there are passages in his writings which, if read apart from their context, would seem to indicate that he favored complete freedom of trade between nations, but they probably mean no more than that he was opposed to exclusive, monopolistic privileges and desired the conditions of trade to be the same for all who engaged in it.[4] His doctrine of self-interest explains the opinion which he expressed in his colonial tracts that it was impossible effectively to regulate the trade of the colonies.

In his earlier economic writings Tucker did not take an anti-imperial position; he was not opposed to the possession of colonies. He did indeed predict, as early as 1749, that the American colonies would revolt if the time came when they no longer needed British protection,[5] but did not as yet dissent from the mercantile dogma that colonies were beneficial to the home country. The outline of his projected comprehensive treatise on economics shows that when he wrote it he regarded the improvement and extension of trade between the colonies and the mother country as a suitable means of developing British manufactures;[6] and in *The Elements of Commerce* he advocated the establishment of a colony in the Hudson's Bay territory.[7]

[1] Nor for that matter did Adam Smith; see Marshall, *op. cit.*, p. 728.

[2] Clark, *op. cit.*, p. 86.

[3] *Ibid.*, pp. 91-5, and Part II, chaps. iv and v; Tucker, *A Treatise concerning Civil Government* (London, 1781), p. 77; *Letters of Eminent Persons addressed to David Hume*, pp. 176-7.

[4] Clark, *op. cit.*, p. 156 *et seq.*

[5] *Ibid.*, p. 185.

[6] *Ibid.*, pp. 234-5.

[7] *Ibid.*, p. 186.

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Not until the dispute between Great Britain and the colonies had grown acute did he become an anti-imperialist.

Apart, however, from his doctrine of self-interest, some of the economic ideas which Tucker expressed in his earlier writings help to explain his attitude in the American crisis. Though he agreed with the mercantilists as to the propriety and efficacy of state action to promote national prosperity, he dissented from their theory of national prosperity, a theory which was closely related to the colonial system.[1] He denied that wealth consists in the precious metals. "Heaps of gold and silver", he insisted, "are not the riches of a nation."[2] In *The Elements of Commerce* he wrote: "Suppose a country, separated from all the world, and yet abounding in . . . gold and silver, and the inhabitants of it (may be) much poorer than the poorest beggar in our streets. . . . Suppose that the inhabitants are . . . industrious: . . . let us suppose that all the gold and silver was annihilated in one night, and what would be the consequences but plainly this, that the inhabitants would then devise some ticket or counter for the exchange of mutual industry."[3] Thus twenty years before the publication of *The Wealth of Nations* Tucker repudiated what Adam Smith regarded as the basic economic theory of the mercantile system.[4] In a striking passage in *Instructions for Travellers* he advocated the levying of customs duties, not, however, in order that gold and silver might be accumulated, but as a means of promoting national industry and labor, "because these are the only riches

[1] See Beer, *The Origins of the British Colonial System,* chap. iii, and *The Old Colonial System,* Part I, vol. I, pp. 37-8.

[2] Clark, *op. cit.,* p. 178.

[3] Quoted in Clark, *op. cit.,* p. 179.

[4] *The Wealth of Nations,* Book IV, chap. i. Tucker was not the first to reject this cardinal mercantile doctrine. That wealth consists exclusively of the precious metals was denied by Nicholas Barbon in *A Discourse of Trade,* published in 1690, and by Sir Dudley North in his *Discourses upon Trade,* published in 1691 (both reprinted in *A Reprint of Economic Tracts,* ed. by J. H. Hollander). These writings, however, fell promptly into oblivion. Bishop Berkely in *The Querist,* a series of queries proposed for public consideration, which appeared in 1737 and 1738 and were published collectively in 1740, challenged the precious-metals theory of wealth, as did David Hume in his essays, "Of Money" and "Of the Balance of Trade", in Part II of his

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of a kingdom."[1] The same thought is expressed in the *Elements*, when he says that in foreign trade the exporter desires only money profits, "whereas the views of the nation should be wholly and solely to promote industry."[2] There is a passage in his earliest economic essay which might be held to commit him to the mercantilist doctrine of the balance of the trade, but this view is nowhere repeated in his later and more systematic works.[3]

Mercantilism was the economic phase of nationalism. The age that witnessed its rise was one of bitter international rivalry and arrogant national egoism. Wars and rumors of war were incessant. The cosmopolitan ideal of the Middle Age faded before harsh realities; the Universal Church became a pretense, and the Universal Empire a mockery. Statesmen in all countries put the first emphasis upon national defense and national economic self-sufficiency as a means thereto. In his opinions on nationalism, war and international relations Tucker differed *toto coelo* from the mercantilists, and his views on these subjects undoubtedly had something to do with his attitude toward the controversy between Great Britain and the colonies.

Just after the Seven Years War, in 1763, Tucker published a tract entitled *The Case of Going to War for the Sake of Procuring, Enlarging, or Securing of Trade, Considered in a New Light.*[4] It contains a remarkable analysis of the forces and classes in the community making for war. The point of view is that of an internationalist and pacifist; the pamphlet might have been written, *mutatis mutandis*, by Richard Cobden or by Norman Angell. Tucker argued that no country could gain from the destruction or impoverishment of its neighbors, that neither princes nor peoples could be benefited by the most successful

*Essays, Moral, Political, and Literary*, published in 1752. Tucker undoubtedly owed much to Hume, with whom he carried on a long correspondence. See Clark, *op. cit.*, p. 33.

[1] Clark, *op. cit.*, pp. 175-6.

[2] *Ibid.*, p. 180.

[3] *Ibid.*, p. 177.

[4] Reprinted in *Four Tracts* as Tract II; *cf.* Hume's essay, "Of the Jealousy of Trade", in *Essays, Moral, Political, and Literary*, Part II.

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war, that trade would inevitably make its way to the country where goods were manufactured best and most cheaply, and that conquering nations could not manufacture cheaply. The "mob" understood fighting the foreigner, but it did not understand trading with him so that both countries might prosper the more. In a tract elicited by the Stamp Act controversy he declared that a shopkeeper could never increase his trade by beating his customers, and that what was true of a shopkeeper was equally true of a shopkeeping nation.[1] The same thought is expressed in *Cui Bono*, a pamphlet consisting of a series of letters addressed to the French finance minister, Necker, published in 1781, in which he wrote: "It is as much the real interest of Great Britain, that France should be a rich country, and not a poor one, as I have already proved that the great riches of England are beneficial to France."[2] Tucker was not guilty of underrating the tenacity with which people cling to cherished ideas, and he entertained no vain expectation that the fallacious arguments for war would soon be discarded, but he hoped that the time would come when men would regard going to war for the sake of trade and dominion with the same astonishment and pity that they then regarded the madness of their ancestors "in fighting under the banner of the peaceful Cross to recover the Holy Land." In the midst of the Seven Years War, when the elder Pitt had raised England to the height of warlike prowess and martial ardor, Tucker wrote in a private letter: "War, conquests and colonies are our present system, and mine is just the opposite. . . . I look upon the nation at present to be frantic with military glory and therefore no more to be argued with than a person in a raving fit of a high fever."[3] And twenty years later, toward the close of the American Revolution, when the military and imperial fortunes of England had reached the nadir, he recorded this opinion: "Among the various errors, which have disturbed the intellects and perverted the judgment of a great part of mankind, none have been more fatal to the peace and

[1] *Four Tracts*, p. 132.

[2] *Cui Bono*, Letter II.

[3] Clark, *op. cit.*, pp. 64-5.

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happiness of the world, than the Glory of Conquest,—and the Jealousy of Trade."[1] Tucker's frequent references to the sentiment of patriotism indicate that he would have found no fault with Dr. Johnson's definition of that word.

Long before the revolt of the American colonies Tucker asserted that only self-interest bound them to Great Britain. In the earliest of his American tracts he declared that the British conquest of Canada, in freeing the colonies from the danger of foreign conquest, released them from dependence upon the mother country and broke the tie of self-interest. This was Turgot's opinion,[2] and is generally accepted as correct. It was in the nature of colonies, according to Tucker, "to aspire after Independence, and to set up for themselves as soon as ever they find that they are able to subsist, without being beholden to the Mother Country."[3] That the British colonies were the first to revolt he attributed to that "bold free Constitution, which is the prerogative and boast of us all."[4] He ridiculed the notion, widely held in England at the time, that parliamentary taxation of the colonies was the original cause of their quarrel with the mother country, and referred to British statutes to show that from early colonial times "there were mutual discontents, mutual animosities and reproaches."[5] In another pamphlet, written before the outbreak of military hostilities in America,

[1] *Cui Bono*, Letter III.

[2] "*C'est parce que les Américains n'ont pas vu derrière eux d'ennemis qui pussent les inquiéter qu'ils ont senti leurs forces et la possibilité de se rendre indépendants.*"—*Œuvres de Turgot*, ed. by Daire, vol. II, p. 555. On the relations between Turgot and Tucker see Clark, *op. cit.*, pp. 226-8.

[3] *Four Tracts*, pp. 153-4.

[4] *Ibid.*, p. 154.

[5] *Ibid.*, p. 143 *et seq.* In *A Letter from a Merchant in London to his Nephew in America*, published in 1766, Tucker attributed colonial opposition to the Stamp Act not to that measure itself, but primarily to the colonists' hostility to the commercial regulations of the colonial system, which the British Government was trying to enforce. Burke insisted that taxation was the root of the quarrel; see his speeches on American Taxation, and Conciliation with America. Like Tucker, the classical economists regarded commercial restrictions as the basic cause of the Revolution, and held that taxation merely hastened a crisis that was inevitable; see, *e. g.*, an article on colonial policy by J. R. McCulloch in *The Edinburgh Review*, vol. XLII, p. 282.

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he predicted the eventual independence of Canada. "Canada, when it has grown rich by our means, and our capitals, will assuredly set up for Independence, as you have done. And in a few years, we shall have the same scenes of malevolence and ingratitude displayed there, which you are pleased to exhibit in your provinces."[1] As this quotation indicates, Tucker's anti-imperialism was not the result of any sympathy on his part for the cause of the insurgent colonists. His writings are full of contempt for those "most ungrateful, ungovernable, and rebellious people."[2] Unlike some of his radical contemporaries in England, he never questioned the right of Parliament to tax the colonies, and at the time of the dispute over the Stamp Act he argued in the strongest terms for the unlimited sovereignty of Parliament throughout the Empire.[3] His anti-imperialism was based upon British interests, not upon American rights.

In contending that colonial trade could not be controlled effectively in the interest of the mother country Tucker struck at the whole elaborate scheme of commercial regulation which went to make up the old British colonial system. His conclusion on this point followed from his doctrine of self-interest and was supported by his study of the history of colonial trade. In his *Treatise concerning Civil Government*, published in 1781, he declared that it was "impossible to compel distant settlements to trade with the parent state to any great degree beyond what their own interest would prompt them to."[4] In *Four Letters on Important National Subjects*, addressed to Lord Shelburne and published in 1783, he wrote that "trade depends on interest alone. . . . Nor was it in our power, even when we were strongest, and they in the weakest

[1] *The Respective Pleas and Arguments of the Mother Country and of the Colonies* (second ed., Gloucester, 1776), p. vii; the passage quoted occurs in a prefatory epistle addressed to the Continental Congress.

[2] *A Treatise concerning Civil Government*, p. 70.

[3] *A Letter from a Merchant in London to his Nephew in America*, reprinted in *Four Tracts* (Gloucester, 1774). *Cf.* Cartwright, *American Independence the Interest and Glory of Great Britain* (new ed., 1775), Letters VI and VII.

[4] P. 253.

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stage of their existence (as appears from their whole history) to compel them to trade with us to their own loss. Mutual interest was the only tie between America and Great Britain at all times and seasons. . . . As to the planting of colonies for the sake of a monopolizing, or exclusive trade, it is the arrantest cheat, and self-deception, which poor, short-sighted mortals ever put upon themselves."

The doctrine of self-interest explains, moreover, Tucker's confident prediction that the loss of the colonies would not result in a decline of British trade. The Americans, he said, could get better prices for most of their products in the British market than in any other and could buy most of what they needed more cheaply there than elsewhere. "The colonies, we know by experience," he wrote in 1774, "will trade with any people, even with their bitterest enemies . . . provided they shall find it their interest to do so. . . . Were the whole trade of North America to be divided into two branches, *viz.*, the *voluntary*, resulting from a free choice of the Americans themselves, pursuing their own interest, and the *involuntary*, in consequence of compulsory acts of the British Parliament;—this latter would appear so very small and inconsiderable, as hardly to deserve a name in an estimate of national commerce."[1]

Tucker, like later anti-imperialists, called attention to the heavy burdens which the possession of colonies entailed on the mother country. "America, I have proved beyond the possibility of a confutation," he wrote to Lord Shelburne, "ever was a millstone hanging about the neck of this country, to weigh it down; and as we ourselves had not the wisdom to cut the rope, and to let the burthen fall off, the Americans have kindly done it for us."[2] In the *Treatise concerning Civil Government* he voiced the hope that Jamaica and the Leeward Islands would become independent,[3] and in the same work he declared that colonies were always an encumbrance to their mother countries,

[1] *Four Tracts*, pp. 195-201.

[2] *Four Letters on Important National Subjects* (second ed.), p. 7.

[3] P. 167.

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"requiring perpetual and expensive nursing in their infancy, and becoming headstrong and ungovernable in proportion as they grow up, and never failing to revolt as soon as they shall find that they do not want our assistance."[1] Nor, in his opinion, were the bad results of imperialism purely economic. To it he attributed in great part the political evils of the day in England, especially the increasing influence of the Crown.[2]

It is unnecessary to follow in detail the course of Tucker's argument in favor of American independence. His proposal was stated clearly and boldly in *The True Interest of Great Britain set forth in regard to the Colonies*,[3] a tract published in 1774, at a time when scarcely anyone else, even in the colonies, had ventured to suggest independence.[4] It was "to separate entirely from the North American colonies, by declaring them to be a free and independent people, over whom we lay no claim;" and then offer "to guarantee this freedom and independence against all foreign invaders whatever."[5] In another of his American pamphlets, published in 1775, he proposed that all colonies in revolt at a certain date should be cut off from the empire by act of Parliament.[6]

Tucker's writings on the American crisis were naturally anathema to British imperialists.[7] Burke in his speech on American Taxation, delivered in the House of Commons on April 19, 1774, contemptuously referred to Tucker as a dean in quest of a bishopric, to the irritation though not to the dismay of the polemic clergyman, who had the temerity to ascribe the orator's influence to his "flaming words" rather than to his powers of

[1] Pp. 252-3.

[2] *Treatise concerning Civil Government*, p. 248 *et seq.*

[3] Reprinted in *Four Tracts.*

[4] *Cf.* Cartwright, *op. cit.*, Letter IX. Not even Paine favored the independence of the colonies until the Battle of Lexington had been fought; see *The Writings of Thomas Paine*, ed. by M. D. Conway, vol. I, p. 93.

[5] *Four Tracts*, p. 195.

[6] *An Humble Address and Earnest Appeal*, pp. 23-5.

[7] The word "imperialist" is used to designate one who believed that the integrity of the empire should be preserved. In this sense the vast majority of Englishmen in Tucker's day were imperialists. It should not be taken as implying imperialism of an aggressive type.

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argumentation. In a tract called forth by Burke's speech on Conciliation with America Tucker reasoned that the specific causes enumerated by Burke to explain the "fierce spirit of liberty" in the colonies were in reality reasons for separation, not for conciliation.[1]

But Tucker, though a keen observer and an acute reasoner, and ahead of his generation in many of his opinions, was not the founder of a "school", and exercised no such influence as did his illustrious contemporary, Adam Smith. Since *The Wealth of Nations*, in common with other classics, has paid the penalty of its fame in being talked about more often than it is read, it may not be superfluous to summarize the attack which its author made on the old colonial system.

In considering the benefits derived by the European countries from colonization, Adam Smith examined first those gained by Europe in general. These consisted, he held, in "the increase of its enjoyments" and "the augmentation of its industry." The surplus produce of America furnished the people of Europe with many new commodities, thus increasing their enjoyments, and it stimulated their industry by enlarging the markets for their surplus products. Even countries that neither sent anything to America nor received anything from it had been benefited by the increased wealth of their neighbors. But he was careful to distinguish between the effects of colonial trade and the effects of those restrictions upon colonial trade which were the basis of the colonial systems of all colonizing states. The restrictions gave the mother country a virtual monopoly of the trade of its colonies, which tended to diminish both the enjoyments and the industry of the European nations in general, and of the American colonies in particular.

> By rendering the colony produce dearer in all other countries, it lessens its consumption, and thereby cramps the industry of the colonies, and both the enjoyments and the industry of all other countries, which both enjoy less when they pay more for what they enjoy, and

[1] *A Letter to Edmund Burke* (second ed., Gloucester, 1775). The causes of the American passion for liberty, according to Burke, were: descent, form of government, religion in the northern colonies, manners in the southern, education, and remoteness from the mother country.

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produce less when they get less for what they produce. By rendering the produce of all other countries dearer in the colonies, it cramps in the same manner the industry of all other countries, and both the enjoyments and the industry of the colonies.

His general conclusion as to the injurious effects on Europe at large of the colonial monopolies maintained by the mother countries was this: "The surplus produce of the colonies . . . is the original source of all that increase of enjoyments and industry which Europe derives from the discovery and colonization of America, and the exclusive trade of the mother countries tends to render this source much less abundant than it would otherwise be."

Adam Smith then turned to the particular advantages supposed to be derived by the various European countries from their respective colonies. The colonies had never furnished military forces for the defense of their mother countries, but, on the contrary, had been dependent upon them, to some extent at least, for their own defense in time of war. The Spanish and Portuguese colonies alone had contributed revenue toward the defense of their mother countries; the taxes levied upon others had never been sufficient to defray the expenses which they occasioned in time of war. From the military point of view the colonies were, therefore, a source of weakness rather than of strength. It followed that the benefit of colonies to a mother country consisted "altogether in those peculiar advantages which are supposed to result from provinces of so very peculiar a nature as the European colonies of America; and the exclusive trade, it is acknowledged, is the sole source of all those peculiar advantages." A good part of the rest of the long chapter in *The Wealth of Nations* on colonies is devoted to showing that the "peculiar advantages" were illusory, special attention being paid to the British colonies.

The colonial trade, if unrestricted, would, according to Adam Smith, have opened a great though distant market for such parts of the produce of British industry as exceeded the demand of markets nearer home. It would have encouraged Great Britain to augment her surplus production and would

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have increased the quantity of her productive labor. Before the colonial monopoly had been established she had been a great trading nation, thanks to her commerce with the countries of Europe; and if the trade of her colonies had been left open to all nations, her own share of it would have been in addition to the trade which she had previously enjoyed. But as it was, the growth of her colonial trade had been at the expense of her foreign trade. "The causes of decay in other branches of foreign trade . . . may all be found in the over-growth of the colony trade." This overgrowth involved economic loss to Great Britain, since "whatever forces into a branch of trade of which the returns are slower and more distant than those of the greater part of other trades, a greater proportion of the capital of any country than what of its own accord would go to that branch, necessarily renders the whole quantity of productive labor annually maintained there, the whole annual produce of the land and labor of that country, less than they otherwise would be." The colonial monopoly, moreover, by drawing British capital from other branches of trade had raised the rate of British profit and increased the competition of foreign capital in those branches, thereby subjecting Great Britain to a relative disadvantage in them. Furthermore, the colonial monopoly had rendered British industry more precarious than it would otherwise have been.

> The industry of Great Britain, instead of being accomodated to a great number of small markets, has been principally suited to one great market. . . . The expectation of a rupture with the Colonies, accordingly, has struck the people of Great Britain with more terror than they ever felt for a Spanish armada, or a French invasion. . . . In the total exclusion from the colony market, was it to last only for a few years, the greater part of our merchants used to fancy that they foresaw an entire stop to their trade; the greater part of our master manufacturers, the entire ruin of their business; and the greater part of our workmen, an end of their employment.

A moderate and gradual relaxation of the colonial monopoly was necessary, Adam Smith believed, in order to bring about a withdrawal of capital from the overgrown colonial trade.

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His indictment of the old colonial system was most sweeping and severe. When he wrote, it was still the prevailing opinion that the benefits reaped by Great Britain from the regulation of her colonial trade were a fair compensation for the burdens which the possession of the colonies entailed upon her. The burdens were undeniable; Adam Smith sought to show that the benefits were purely imaginary. The colonial system was in essence a monopoly which, "like all the other mean and malignant expedients of the mercantile system, depresses the industry of all other countries, but chiefly that of the colonies, without in the least increasing, but on the contrary diminishing, that of the country in whose favor it is established."[1] All the expense to which Great Britain had been put by reason of her possession of colonies had been incurred to support a monopoly from which she derived nothing but loss. Merchants engaged in the colonial trade had gained, but their gains had been at the expense of the bulk of the British people.

Adam Smith believed that it would be to the economic advantage of the British nation as a whole if the colonies were given up. If this were done, Great Britain would not only be saved heavy expense, but would be able to enter into a com-

[1] It should be remembered that Adam Smith in his attack on the mercantile system was concerned with it as an economic system, not with its political purposes and effects; it was its economic fallacies that he sought to expose and discredit. He regarded as the basic theory of the mercantile system the belief that wealth consists of the precious metals, and, rejecting this theory, he naturally condemned the methods of mercantilism for accumulating gold and silver through a favorable balance of trade. He held, as is well known, that the effect of mercantilist regulations was to diminish rather than to increase national wealth. Yet he defended import duties imposed to foster domestic industries that were essential to national security, and he lauded the Navigation Act, which English mercantilists had been praising for the previous hundred years. This was because he held that wealth should not be the only, nor even the chief, object of national policy. "Defence", his famous dictum runs, "is of much greater importance than opulence". Mercantilists had praised the Navigation Act as promoting both national power and national wealth; Adam Smith saw in it a legitimate sacrifice of wealth to power. The fact that he excluded from view the political aspects of mercantilism when he condemned the mercantile system explains the seeming paradox that neo-mercantilists have been able to appeal to the authority of the great anti-mercantilist in justification of their propaganda.

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mercial treaty with the former colonies which would secure to her a freedom of trade much more advantageous to her people than the previous monopoly. He foresaw the future greatness of America and envisaged such an alliance of the English-speaking peoples as many modern Anglo-Americans have dreamed of. But he realized that it was futile to argue in favor of giving up the colonies, for, in his words, "no nation ever voluntarily gave up the dominion of any province, how troublesome soever it might be to govern it, and how small soever the revenue which it afforded might be in proportion to the expense which it occasioned."

In the concluding chapter of *The Wealth of Nations* Adam Smith returned to the subject of the colonies. The British empire in America, he declared, had existed so far in imagination only. It was not an empire, but the project of an empire, "a project which has cost, which continues to cost, and which, if pursued in the same way as it has been hitherto, is likely to cost, immense expense, without being likely to bring any profit; for the effects of the monopoly of the colonial trade, it has been shown, are to the body of the people, mere loss instead of profit." His anti-imperialism was strengthened by the progress and outcome of the American Revolution, and he came to believe that the fallacy of imperialism was the subject on which it was most important to enlighten the public opinion of Europe.[1]

While Adam Smith and Tucker were arguing that the possession of colonies was detrimental to the interests of Great Britain, others were denying her right to exercise political authority over them.[2] The English radical movement of the seventies and eighties of the eighteenth century is remembered chiefly for its advocacy of parliamentary reform, but some of its intellectual leaders took a deep interest in the cause of the American colonies. Indeed, parliamentary reform was inti-

[1] Rae, *Life of Adam Smith*, p. 382.

[2] As early as 1755 Francis Hutcheson, the philosopher, declared that it was unnatural for a self-sufficient colonial community to be permanently subjected to the rule of a distant mother country; see his *System of Moral Philosophy* (London, 1755), vol. II, p. 309.

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mately related to the controversy with the colonies over taxation, for the latter, hinging as it did on the question of representation, threw into bold relief the unrepresentative character of the House of Commons.[1] The doctrine of virtual representation, employed to justify parliamentary taxation of the colonies, turned out to be a two-edged sword, for it was impossible to show that the colonists had as much voice in the election of members of Parliament as the large majority of Englishmen at home without calling attention to the fact that the latter were not directly represented at all.

In 1774, two years before he published his pamphlet *Take Your Choice*, a plea for universal suffrage which earned for him the title, "The Father of Reform", Major John Cartwright gave to the public a tract entitled *American Independence the Interest and Glory of Great Britain*, and in 1776 Richard Price brought out his *Observations on the Nature of Civil Liberty, the Principles of Government, and the Justice and Policy of the War with America*. These two writings may be taken as representative of advanced radical opinion on the subject of the colonies.[2] The former, published anonymously because the author foresaw that his arguments in favor of America would displease the British Government and probably bar him from promotion in the army,[3] consisted of letters addressed to Parliament, which had recently been printed in a newspaper. Cartwright caused a summary of his arguments to be distributed to members of Parliament, and a second edition of his tract was published in 1775, but British public opinion, inflamed by the Boston tea episode, was so strongly hostile to the colonies that his views made little impression.[4] Much more widely read was Price's *Observations*, which rapidly went through several editions and evoked both censure and praise. The author was already well

[1] G. S. Veitch, *The Genesis of Parliamentary Reform*, p. 43.

[2] Cartwright and Price, together with Joseph Priestley and John Jebb, stand out as the intellectual leaders of the early English radical movement; C. B. R. Kent, *The English Radicals*, p. 67.

[3] *The Life and Correspondence of Major Cartwright*, ed. by F. D. Cartwright (2 vols., London, 1826), vol. I, p. 53.

[4] *Ibid.*, pp. 60-1, 68.

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known for his writings on ethics and finance, and was on terms of intimacy with Lord Shelburne, Colonel Barré and other members of Parliament.[1] Believing that the public debt of Great Britain, then about £140,000,000, was an evil threatening the most serious consequences and that the attempt to coerce the colonies would, if persisted in, prove financially disastrous, and also thoroughly convinced of the justice of the American cause, Price sought to arouse British opinion in favor of pacification with America, and during the progress of the war he lost no opportunity to oppose its prosecution and to attack the Government.[2] So highly was his championship of the American cause appreciated in the United States that the Continental Congress invited him to make his home in America, and in 1783 Yale conferred on him the degree of Doctor of Laws.

In their political philosophy Price and Cartwright were wholehearted disciples of John Locke, taking as postulates the master's assumptions respecting the rights of the individual, and the origin, nature and purposes of government.[3] Reasoning from these they concluded that Parliament, since the Americans were not represented in it, had no valid claim to authority over the colonies. Appeals to charters, statutes, precedents or the original intention of those who founded the colonies, were all beside the mark, for human rights, the gift of God, could not be affected thereby.[4] It followed from the nature of civil liberty that no community could have "any power over the property or legislation of another community, that is not incorporated with it by a just and adequate representation", and

[1] W. Morgan, *Memoirs of the Life of the Rev. Richard Price* (London, 1815), pp. 41, 81-2.

[2] *Ibid.*, pp. 54-8; "Letters to and from Richard Price", in *Proceedings of the Mass. Hist. Soc.*, May, 1903, p. 20; Price, *Additional Observations* (London, 1777), and article on Price in *Dictionary of National Biography*.

[3] Price, *Observations*, preface to fifth edition; Cartwright, *American Independence*, new ed., 1775, p. 3; Tucker, *Treatise concerning Civil Government*, Part I and p. 358. This work of Tucker's, it may be remarked, merits more attention than it has received from students of the history of political philosophy; it is one of the earliest attacks on the contract theory of government.

[4] Cartwright, *op. cit.*, Letters II, IV, V, VII; Price, *Observations*, sixth ed., pp. 32, 40-1.

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that any country subject to the legislature of another, in which it had no voice, was in "a state of slavery."[1] It had been proposed that the Americans should be given representation in the House of Commons, but they would never consent to "trust their property, their freedom, their dearest rights, their every thing, in the hands of exiles, sent half-way to the Antipodes . . . and exposed to every temptation to betray them."[2] Englishmen were so accustomed to speaking of the colonies as "our colonies" that the meanest of them looked upon himself as having a body of subjects in America, but in reality "the people of America are no more the subjects of the people of Britain, than the people of Yorkshire are the subjects of the people of Middlesex".[3]

In view of modern tendencies in the British Empire the ideas of Cartwright and Price respecting the proper basis of imperial organization are of especial interest. According to Price the only type of empire consistent with the principles of civil liberty was that in which all the component communities were free and mutually independent. His ideal was clearly a voluntary, cooperative alliance of self-governing states, coordinate with one another, under a single head. He believed that "a common relation to one supreme executive head, an exchange of kind offices, tyes of interest and affection, and compacts" would provide a sufficient basis of imperial unity, but if not, if, in order to preserve the unity of the empire, "one-half of it must be enslaved to the other half, let it, in the name of God, want unity."[4] Cartwright was more explicit. "I would consider the American governments, like that of Ireland, as sister kingdoms."[5] He proposed an act of Parliament declaring it to be inconsistent with the welfare of the Americans and "prejudicial to their natural inherent rights as men" for them to be governed by the British legislature, and enacting that the colonies between the St. Lawrence and the mouth of the Mis-

[1] Price, *Observations,* pp. 19, 29.

[2] Cartwright, *op. cit.,* Letter IV.

[3] Price, *Observations,* pp. 31-2, 99.

[4] *Ibid.,* pp. 28-9, 36.

[5] *American Independence,* Letter III.

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sissippi, including Canada and the Floridas, should be "all held and declared to be free and independent states, each to be subject to such law and government only as now subsists, or shall hereafter be enacted and constituted within itself by its own proper legislature; and that of each and every of the said independent states, his Majesty is, and shall be held to be the sovereign head, in like manner as he is of the legislature of Great Britain."[1] The act, he thought, ought to provide for a treaty to be entered into by Great Britain and the American states for mutual commercial benefit and joint defense, "as well as for the preservation of that warm affection and harmony which ought ever to subsist between a mother-country and her offspring." By such a legislative separation, Cartwright remarked, the King would be the gainer, since he would "become the father of three millions of free and happy subjects, instead of reigning joint tyrant over so many discontented slaves, or losing by revolt so many of his people." In a postscript to his tract, printed in the edition of 1775, he gave the text of his proposed bill and suggested as a suitable name for the commonwealth of free states that was his ideal, "The Grand British League and Confederacy".[2] Of course, such a self-denying statute as Cartwright proposed was never passed; and the Declaratory Act, with its sweeping assertion of parliamentary sovereignty over the colonies, still remains law. But if we have regard to constitutional practice rather than to legal power that has fallen into desuetude, the present British Commonwealth of Nations bears a close resemblance to Cartwright's British League.[3]

[1] *American Independence,* Letter X.

[2] Mr. Richard Jebb, who before the late war was perhaps the leading advocate of an alliance between Great Britain and the Dominions as the basis of British imperial organization, found the origin of the alliance idea in the views of the fathers of Canadian Confederation, especially in Sir John Macdonald's proposal that Canada be made into a kingdom; see his *Britannic Question,* pp. 21-2; *cf.* J. S. Ewart, *The Kingdom of Canada.* The idea, as has been shown above, is much older. It was not original even with Cartwright and Price. It had already been voiced in the colonies; see Franklin, *Complete Works,* ed. by Bigelow, vol. IV, pp. 344-6, 367.

[3] This being the case, it may seem incorrect to speak of Cartwright's views,

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Of the English Radicals whose speculations on political and social questions were influenced by the French Revolution, the "Jacobinical Radicals", as they have been called, William Godwin was the arch-philosopher. In his *Enquiry concerning Political Justice*, published in 1793, he was not concerned to any great extent with the subject of imperialism, but colonies, however acquired and for whatever purpose retained, were wholly incompatible with his political ideals. "Are these provinces held in a state of dependence for our own sake or for theirs?" he asked.

> If for our own, we must recollect this is still an usurpation, and that justice requires we should yield to others what we demand for ourselves, the privilege of being governed by the dictates of their own reason. If for theirs, they must be told, that it is the business of associations of men to defend themselves, or, if that be impracticable, to look for support to the confederation of their neighbors. . . . The principle which will not fail to lead us right upon this subject of foreign dependencies, as well as upon a thousand others is, that that attribute however splendid, is not really beneficial to a nation, that is not beneficial to the great mass of individuals of which the nation consists.[1]

According to mercantilist theory the loss of the American colonies should have resulted in a marked decline of British exports and shipping, if not in the ruin of British industry. But as a matter of fact the United States, after their independence, consumed more British products than they had when they were subject to the restrictions of the colonial system. For the years 1771–73, inclusive, the average annual exportation from Great Britain to the thirteen colonies amounted to £3,064,843; for 1790–92 it was £3,976,211, and for 1798–1800, £6,507,476.[2] During the six years ending with 1774 the average annual con-

or Price's, as anti-imperial; neither of them advocated the total separation of the colonies from Great Britain. But if America had become independent of the British Parliament, as they desired, the empire, as it had developed historically, would have ceased to exist. Equality of status between Great Britain and the colonies was wholly inconsistent with the idea of imperialism as then held.

[1] *An Enquiry concerning Political Justice* (London, 1793), vol. II, pp. 532-3.

[2] Brougham, *op. cit.*, vol. I, pp. 262-3.

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sumption of British products in the thirteen colonies was £2,216,824, and for a like period ending with 1792 it was £2,807,306. The figures for British shipping seemed to tell the same story. In 1772 British shipping, cleared outwards, amounted to 923,456 tons; in 1784 the figure was 932,219, and in 1785, for the first time, it passed the 1,000,000 mark.[1]

Arthur Young was one of those who invoked the *post hoc ergo propter hoc* argument, attributing the increasing prosperity of England immediately after the American Revolution to the loss of the American colonies, and drew the conclusion that all colonies were sources of weakness, not of strength, to a mother country. During his travels in France on the eve of the French Revolution he discussed with the Abbé Raynal the various evidences of British prosperity—the increase in population, consumption and industry, the expansion of agriculture, manufactures and commerce, and the increasing comfort of the people. "I mentioned the authentic documents and public registers which supported such a representation", he tells us, "and I remarked that Abbé Raynal, who attended closely to what I said, had not seen or heard of these circumstances, in which he is not singular, for I have not met with a single person in France acquainted with them; yet they unquestionably form one of the most remarkable and singular experiments in the science of politics that the world has ever seen; for a people to lose an empire—thirteen provinces, and to GAIN by that *loss*, an increase of wealth, felicity, and power! When will the obvious conclusions to be drawn from that prodigious event, be adopted? that all transmarine, or distant dominions, are sources of weakness: and that to renounce them would be wisdom. Apply this in France to St. Domingo, in Spain to Peru, or in England to Bengal, and mark the ideas and replies that are excited. I have no doubt, however, of the fact."[2]

In attempting to appraise public opinion one should be care-

[1] McCulloch, *A Dictionary, practical, theoretical, and historical, of Commerce and Commercial Navigation*, ed. by A. J. Wilson (London, 1882), p. 1244.

[2] Arthur Young, *Travels in France*, ed. by Miss Betham-Edwards, pp. 261-2.

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ful, however, not to attribute too much weight to individual utterances and exaggerate their representative character. The great majority of Englishmen who acquiesced in the recognition of American independence did so not because they regarded it as desirable, but because they were convinced that it was inevitable. The tone that runs through the debates in Parliament on the peace treaties of 1782–3 is one of dejection; the speakers seem to have believed that the empire, the power and the glory of Britain had passed forever.[1] Their words were not those of anti-imperialists, who viewed the independence of America with satisfaction; they were the words of disappointed imperialists. The immediate effects of the American Revolution on British colonial policy have quite generally been misunderstood. No doubt it fostered the opinion that all colonies, as soon as they attained sufficient prosperity and power, would become independent, but it did not cause the British government to abandon the commercial principles of the old colonial system or to adopt a more liberal policy of colonial government.[2] Much less did it cause them to favor the independence of Britain's remaining colonies.

Contemporaneous with the American Revolution were the beginnings of that transformation in English industry and society that goes by the name of the Industrial Revolution, and if it is easy to exaggerate the importance of the former as a factor in the change in Englishmen's attitude toward the empire, it is scarcely possible to attribute too much influence, in the long run, to the latter. The mechanical inventions of the last half of the eighteenth century gave to the English manufacturers who adopted them such advantages over all foreign rivals that they came to rely more and more on their own competitive superiority and less and less on the legislative restrictions and monopolies of the mercantile system. They came, that is, to be economic liberals and advocates of *laissez-faire*.

[1] *Parliamentary History,* vol. XXII, 721; XXIII, 193, 549.

[2] H. C. Bell, "British Commercial Policy in the West Indies, 1783-93", *English Historical Review,* vol. XXXI, p. 429 *et seq.;* G. B. Adams, "The Influence of the American Revolution on England's Government of Her Colonies", *Annual Report of the American Historical Association,* 1896, vol. I.

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It was the spread of the new machine industry, whose beginnings synchronized with the publication of *The Wealth of Nations*, that prepared the soil for the growth of Adam Smith's ideas.

The early English free-trade movement of the last decades of the eighteenth century has generally been regarded as a product of economic theory rather than of economic interests, and as such different from the later Manchester School. Adam Smith represented the British manufacturers of his time as a class devoted to monopoly and mercantilism. It has recently been pointed out, however, that he failed to distinguish between manufacturers who adhered to old-fashioned methods of production and those who, even in his day, were adopting the new machinery.[1] In their desire for new foreign markets, increased supplies of raw material, cheap food and improved international relations, the new manufacturers of the late eighteenth century clearly foreshadow the great industrialists of the days of Cobden and Bright. New conditions were transforming them into champions of free trade. The cotton, pottery and iron industries were the first to adopt the new inventions, and they took the lead in establishing a manufacturers' association that seems to have maintained an energetic "lobby" in behalf of the Anglo-French commercial treaty of 1786, the first step taken by Great Britain in the direction of free trade.[2] The principal commodities in which France by this treaty made concessions to Great Britain were those in the production of which the latter enjoyed advantages resulting from the use of machinery; friends and foes of the treaty alike agreed that the cotton, hardware and pottery industries would be its chief beneficiaries; and William Eden (afterwards Lord Auckland), appointed by Pitt to negotiate the treaty, was regarded as a champion of the new manufacturers.[3]

But the early free-trade movement did not have any serious

[1] Witt Bowden, "The English Manufacturers and the Commercial Treaty of 1786 with France", *American Historical Review*, vol. XXV, p. 18 *et seq.*

[2] Witt Bowden, *The Rise of the Great Manufacturers in England, 1760-1790*, chap. iii.

[3] *The Journal and Correspondence of William, Lord Auckland*, vol. I, pp. 92-3.

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effect on British colonial policy.[1] Before the new economic liberalism had been put into operation to any great extent the war with Revolutionary France broke out. A renewal of the conflict with the old political and commercial rival—the eternal enemy, as patriotic Englishmen thought—as well as a crusade against revolution, it produced a resurgence of nationalist, mercantilist and imperialist sentiment in England, and it stifled liberalism in all its phases for more than a generation. Free trade suffered the same fate as parliamentary reform. The struggle with Napoleon gave heightened meaning to the old mercantilist slogan, "ships, colonies, commerce." The British North American provinces seemed more valuable as sources of supply for naval stores when the countries of the Baltic were exposed to French influence and conquest;[2] and colonies were all the more prized as markets when British manufacturers contemplated ruefully the effects on their fortunes of Napoleon's Continental System and Jefferson's Embargo and Madison's War. The Non-Intercourse Acts passed by Congress were cited to show the loss that British trade might suffer if the remaining British colonies followed the example of the United States.[3] When new colonial possessions—Malta, Ceylon, Trin-

[1] While Chancellor of the Exchequer in Lord Shelburne's ministry, in 1782, Pitt introduced a bill which provided, among other things, that United States vessels might trade with the British West Indies; this would have been a radical innovation in British colonial policy, but the bill was dropped after the formation of the Fox-North coalition ministry; it is printed in *Parl. Papers*, vol. XIII, 1783, nos. 426-7.

[2] J. Davidson, "England's Commercial Policy towards her Colonies since the Treaty of Paris", POLITICAL SCIENCE QUARTERLY, vol. XIV, p. 45.

[3] *E. g.*, Hugh Gray, *Letters from Canada* (London, 1809), pp. 75-6: "We lost the United States by an impolitic course of treatment, and it behooves us to look well to the Canadas. Some people pretend to say that we are better without America, and very ingenious arguments have been brought forward to prove it. . . . We are very glad to find palliatives for evils we cannot remedy. I suppose no one will pretend to say that the loss of our North American colonies, and consequently of our Newfoundland trade, would not be a very serious evil to Great Britain. Although self-interest and the power of custom might induce the people to continue their trade with us, and our Customhouse books might show higher exports than while they were under our dominion, still if we depended on them for any articles of the first necessity, party spirit, caprice, or foreign influence, might produce a non-importation act, or an embargo, nay they might even refuse bread and water to our men of war;—injuries to which we never would be liable, were we masters of the country."

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idad, the Cape of Good Hope—were the fruits of dearly won victory, British patriots were not disposed to question their value.

But Waterloo closed an era, and during the period of international peace that followed, submerged radical movements revived. The rising school of Political Economy, whatever its exponents may have found to criticize in the specific teachings of Adam Smith, based their work on the foundations which he had laid. Ricardo's *Principles of Political Economy* appeared in 1817, and treatises on the same subject were published by Malthus in 1820, James Mill in 1821 and J. R. McCulloch in 1825. As sworn foes of mercantilism and all its works, the economists were of course opposed to the colonial system, and at a time when empire without commercial restriction seemed an anomaly, their teaching was naturally anti-imperialist in tone.[1]

Closely related to the political economists were the Philosophical Radicals, who owned Bentham as their master, for between the new science of wealth and the new philosophy of hedonism there was a natural affinity. Bentham himself was a warm admirer of Adam Smith, and his foremost disciple, James Mill, was on terms of intimacy with Ricardo and other economists. In Mill, Ricardo, Malthus and McCulloch utilitarian philosophy and *laissez-faire* economics were all but fused.[2] As free-traders these men were opposed to the commercial restrictions of the colonial system; as radicals in politics, they were disgusted with the existing bureaucratic, oppressive and unintelligent system of colonial administration.[3]

In their formal treatises the economists had little to say about colonies and colonial policy, but an article by McCulloch, published in the *Edinburgh Review* of August, 1825, may fairly be taken as generally representative of their attitude.[4]

[1] R. C. Mills, *The Colonization of Australia,* pp. 19-20.

[2] Leslie Stephen, *The English Utilitarians,* vol. II, chap. i.

[3] See *Selected Speeches of Sir William Molesworth,* ed. by H. E. Egerton, pp. 10-11; on the anti-imperialism of the Philosophical Radicals see Kent, *op. cit.,* pp. 238-9.

[4] See also article on "Colonies" in McCulloch's *Dictionary . . . of Com-*

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The monopoly of the colonial trade, according to McCulloch, was either useless or pernicious—useless if the mother country could sell in the colonies as cheaply as foreigners, for under such a condition the ties of language and relationship would give her the command of their markets without recourse to artificial restrictions; pernicious if she could not sell as cheaply, because, though it might compel the colonies to buy from her what they could buy cheaper from foreigners, it created an artificial demand for her products and, therefore, an artificial distribution of her capital and labor. "It must divert a portion of them from some of the naturally beneficial channels into which they would otherwise have flowed, to force them into those where there is no real room for them, and where they will be useless the moment the monopoly ceases." But even if the monopoly were beneficial, it could never be strictly enforced. Spain was unable to enforce hers, and the British navy had found it impossible to guard the American coasts from smugglers. Cheap goods would make their way through every barrier. It had been urged in support of the colonial system that it insured to the mother country a regular supply of colonial produce, but Germany, though possessing neither ships nor colonies, was as well supplied with it as England. In return for the imaginary benefits—really detriments—derived from the monopoly of the colonial trade the mother country imposed heavy burdens on herself. In the interest of colonial producers, she excluded foreign sugar and many other products from her markets, to the great injury of British consumers; she incurred very heavy expenditure for the defense of the colonies, even in time of peace. The commercial relations between Great Britain and the United States proved the uselessness of the colonial monopoly, for the value of the commodities annually exported to the United States was more than seven times as great as before the American Revolution; and the present trade was natural, resting not on "the miserable foundation of bounties and prohibitions, but on the gratification of real wants

*merce* (London, 1832), pp. 308-41. Arthur T. Hadley remarked twenty years ago that on the subject of colonial policy good economic discussions were extremely rare.

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and desires." The possession of the British North American provinces produced expense and nothing else for Britain, and it was difficult to see how any injury could result to her from the total and unconditional abandonment of them. Every man of sense knew that Canada must soon be annexed to the United States.

In considering Philosophical Radicalism in its anti-imperial aspect the opinions of Bentham should first be referred to. They can be found in a letter under the caption *Emancipate Your Colonies*, addressed to the French National Convention in 1793 but not published till 1830, in his essay on Peace in the *Principles of International Law* and in his *Manual of Political Economy*.[1] Bentham, unlike the early Radicals, did not test political organization by its compatibility with abstract human rights. He and his followers applied to it, instead, the criterion of utility—the greatest happiness of the greatest number—and judged by this, colonies were found sadly wanting.

From the point of view of the interests of the mother country Bentham held that the colonies should be emancipated. Like Adam Smith, he reasoned that the commercial restrictions of the colonial system were economically detrimental to Great Britain. Even those placed upon the trade of the colonies, though supposedly in her interest, were really injurious to her, and they were accompanied by most burdensome counter-restrictions on her own trade, in the form of tariff discriminations against foreign imports which forced her to buy at high prices from the colonies rather than at low prices from foreigners. Bentham laid great stress on the financial burdens of empire; to protect the colonies, keep them in dependence and prevent them from smuggling, fleets and armies were necessary, and for these the people of Great Britain had to pay, for the colonies yielded no revenue. The possession of dependencies, moreover, increased the chances of war with foreign nations by arousing their jealousy and increasing the number of possible subjects of dispute with them. Bentham's plan for "universal and perpetual peace" had for its twin bases the reduction of

[1] These writings are printed in *The Works of Jeremy Bentham*, ed. by Bowring, vols. II, III, IV.

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armaments and "the emancipation of the distant dependencies of each state." Colonies also bred political corruption in the mother country by putting at the disposal of the Government a multitude of civil and military offices.

From the point of view of the colonists, the effect of the colonial system was to sacrifice their real interests to the imaginary interests of the mother country. But even if all restrictions on their trade were abolished, distance and ignorance of colonial conditions would still make it impossible for Great Britain to rule them as well as they could rule themselves. Justice to the colonists, as well as the interests of the mother country, called for the emancipation of all adult colonies, though those that were unable to take care of themselves ought not to be turned adrift. The most important thing was to get rid of the false ideas that were used to justify the colonial system.

When we shall have ceased to consider colonies with the greedy eyes of fiscality, the greater number of these inconveniences will cease of themselves. Let governments lay aside all false mercantile notions, and all jealousy of their subjects, and everything which renders their yoke burthensome will fall at once: there will no longer be any reason to fear hostile dispositions and wars for independence. If wisdom alone were listened to, the ordinary object of contention would be reversed —the mother-country would desire to see her children powerful, that they might become free, and the colonies would fear the loss of that tutelary authority which gave them internal tranquility and security against external foes.[1]

Like many of Bentham's other works those that have been referred to were not published for years after the writing of the manuscripts on which they were based.[2] *Emancipate Your Colonies* was not published till 1830, the *Principles of International Law* and the *Manual of Political Economy*, not till

[1] *Works*, ed. by Bowring, vol. III, p. 56.

[2] Many of the works that pass under Bentham's name were prepared for publication from his manuscripts by his followers, who were obliged to exercise no little discretion as well as patience in their endeavors to present his thought to the public; his penmanship and methods of composition were such as to put a severe strain on any editor. Graham Wallas, *Life of Francis Place*, pp. 83-5.

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1843, years after Bentham's death. But, as is well known, the spread of his ideas was not dependent on his own writings exclusively; his influence on English opinion owed much to the activities of his disciples. Of these the most important was James Mill, who was himself a radiating center of Utilitarianism.[1]

Mill prepared a series of articles for the supplement to the fourth, fifth and sixth editions of the *Encyclopedia Britannica*, which expressed the orthodox Utilitarian creed on the subjects of which they treated. In the article "Colony", which appeared in 1824, he condemned the commercial restrictions of the colonial system, and laid it down that colonies were a source of vast expense and political corruption as well as a major cause of war. He was especially opposed to the use of them as convict settlements and strongly reprobated transportation as a punishment for crime.

In 1824 the *Westminster Review*, the leading organ of Utilitarianism, was founded, and, in the words of John Stuart Mill it "gave a recognized *status*, in the arena of opinion and discussion, to the Benthamic type of Radicalism."[2] Whenever it had occasion to deal with the colonies, its anti-imperialism was manifest. It viewed them as "impediments to commerce, drawbacks on prosperity, pumps for extracting the property of the many for the benefit of the few, the strongholds and asylums of despotism and misrule."[3] It undertook to prove that British dominion over Canada was bad, economically and politically, for both colony and mother country. If the voice of wisdom were heeded, Great Britain would voluntarily relinquish all authority over the province, but false notions respecting the value of colonies were still so widely entertained that nothing but time and bitter experience would make the truth prevail.[4]

[1] According to John Stuart Mill (*Autobiography*) the elder Mill exercised a far greater personal ascendancy in the Utilitarian movement than did Bentham.

[2] *Autobiography*, p. 98. *The Morning Chronicle* also was a vehicle of Utilitarian opinion.

[3] *Westminster Review* (April, 1830), vol. XII, p. 403.

[4] See articles on Canada, *Westminster Review* (July, 1827, and July, 1830), vols. VIII and XIII.

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A subject that gave the Philosophical Radicals much concern was governmental waste and extravagance. From 1818 onwards Joseph Hume, who had acquired his Radicalism from Francis Place, the tailor of Charing Cross and friend of Bentham and James Mill, preached economy in the House of Commons, where he appointed himself watch-dog of the Treasury. The great expense to which Great Britain was put by reason of her colonial possessions was one of his favorite themes.[1] Another Radical, whose principal interest lay in public finance, a subject on which he was recognized as an authority, was Sir Henry Parnell, also a member of Parliament. In a work published in 1830, *On Financial Reform*, he argued that the number of British colonies should be greatly reduced, and that those which were retained should bear all the expenses of their own defense. Canada, he calculated, had already, in one way and another, cost the mother country fifty or sixty million pounds and was then an annual expense of at least six hundred thousand.[2]

Thus by 1830 there was an aggressive and very vocal body of anti-imperial opinion in England. It cannot be said that it had converted the British public, but it is probably not an exaggeration to say that it had put imperialism on the defensive. Those who still believed in the usefulness of colonies felt obliged to justify their faith.[3] The public as a whole took no interest in the colonies, and among statesmen there was little enthusiasm for the empire and little confidence that it would endure.[4] The Colonial Office, undeterred by manifestations of discontent in the colonies, was still treading the primrose path of absentee bureaucracy that was soon to lead to rebellion in Canada.

[1] See, *e. g.*, Hansard, *Parliamentary Debates*, vol. XL, pp. 1077-81.

[2] Chapter xv.

[3] E. G. Wakefield, *A View of the Art of Colonization* (London, 1849), p. 38; R. C. Mills, *Colonization of Australia*, pp. 21-2; *Quarterly Review*, vol. XXXIII, p. 410 *et seq.*, vol. XXXIX, p. 339 *et seq.*; Sir Howard Douglas, *Considerations on the Value and Importance of the British North American Colonies* (London, 1831).

[4] See, *e. g.*, S. J. Reid, *Life and Letters of the First Earl of Durham*, vol. II, pp. 137-142.

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The future was to be neither with the anti-imperialism nor with the imperialism of 1830, but with the liberal imperialism that arose during the following decade, of which Lord Durham's *Report* is the most conspicuous landmark. The empire was neither to be dissolved into formally independent fragments, though the time came when many observers believed that such an outcome was imminent, nor was it to be preserved unaltered. It was to be transformed. Yet anti-imperialism was not wholly a lost cause, for it made its contribution to the transformation. To the anti-imperialists the independence of the colonies was, after all, a means rather than an end. The end was the abolition of the old colonial system, with its burdensome restrictions on the trade of the colonies and the mother country, its subjection of the colonies to centralized, bureaucratic control, its vast expense to the taxpayer of Great Britain. The old colonial system has long since passed away, and the old anti-imperialism has disappeared. But if we consider working constitutional practice rather than legal forms, it is difficult to escape the conclusion that the British Empire of today, so far at least as its self-governing parts are concerned, conforms more nearly to the ideals of the anti-imperialists of a hundred years ago than to those of their opponents.[1]

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[1] For an example of anti-imperial idealism, the reader is referred to J. A. Roebuck, *The Colonies of England*. The author was one of the leading Philosophical Radicals.

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# GERMANY'S INDUSTRIAL PARLIAMENT

## THE NATIONAL ECONOMIC COUNCIL

### *1. Introduction*

THE National Economic Council which began to function in the summer of 1920 is one of Germany's experiments in finding an instrument which would help solve her pressing economic and social questions. Moreover, it is a product, in a greatly modified form, of the Council movement which set in at the overturn of the imperial government. Originally the demands of the revolutionary forces, which had formed Workers and Soldiers Councils, were for the creation of a political council system patterned after the Russian Soviets. But as these ideas met with very determined opposition on the part of the trade unionists and Socialists, who had taken over governmental powers themselves, the advocates of the Council System were forced to surrender the greater part of their demands and satisfy themselves with a declaration of the Government that some form of Economic Council System, having no political functions, was to be instituted in Germany.

As the Government did not at once seriously set to work to create such a Council System, agitation continued and a renewed effort of the remaining Workers' and Soldiers' Councils to hold one big political demonstration, to force the hand of the Government and to prevent what seemed to them the loss of the fruits of the revolution, obliged the Government and with it the National Assembly to embody in Article 165 of the German Constitution the right of the workers to exercise control in the regulation of wages and working conditions and moreover to give them the right to participate in the entire economic development of the nation's productive forces.

To enable the workers to exercise these functions they were to be given legal representation in Works Councils, covering the single establishments, in District Works Councils, which would be a grouping of the Establishment Works Councils ac-



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cording to economic districts, and in a National Works Council. Aside from these various Works Councils representing primarily the workers' interests, the workers were to participate also in the Economic Councils which were to be formed by the District Works Councils together with the employers' representatives of a given district and be called District Economic Councils. These District Economic Councils joined together would form a National Economic Council.

Of the Council system which is outlined here up till today only the Establishment Works Councils have been definitely instituted by law.[1] The National Economic Council which has been created and which is described here is not the superstructure of the Council System which was originally intended to be built up. It came into being through a Decree issued May 4, 1920, by the National Government and is provisional in nature until the final Economic Council is constituted.

The reasons for creating the National Economic Council before the other parts of the council program were realized were of a pressing nature. The enormous difficulties in which Germany found herself as a result of the war demanded unification of all the country's economic forces. If German life was to be brought back to normal it was urgent that the problems of economic restoration be taken out of the political atmosphere. The then newly elected Reichstag, however, was surcharged with political animosities which made it extremely difficult for the Government to obtain a working majority which would enable it to attack the pressing problems. The Government was criticized a good deal on the ground that in proposing economic measures it was not well informed about the real feeling of the people towards them and that it did not make an attempt to get the advice of those standing right in the midst of the economic and industrial life. The various economic committees

[1] The Works Council System as finally constituted is not quite the instrument of fundamental economic control and socialization which the advocates of the council idea had hoped they would get as a result of the promise of the Government. The Works Councils' functions are centered in the single establishment and larger powers of economic control have not been granted them. For details see an article by the writer, "The German Works Council System" in *Administration*, July, 1922.

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appointed successively by the Government to help find a way out of the economic and industrial difficulties did not prove to be adequate for their tasks. The Government therefore was greatly in need of a generally recognized body which would back it up in its economic and industrial measures, and it proceeded in earnest to establish the National Economic Council.

What the new industrial parliament was to be and how the nation's economic forces would operate through it was thought out very carefully by its proponents. In the National Economic Council would be represented the country's most eminent economic and industrial experts and thus it would unite in one body the sum total of German economic and managerial-technical knowledge. Although the Economic Council was not to have the powers of a law-making body, it was to be given such broad functions that its deliberations and decisions would exert an immediate and direct influence upon the political parliament. For that reason not only was the National Economic Council to have the right to demand that socio-political and economic bills before their presentation to the Reichstag should be submitted by the National Government to the National Economic Council for its opinion, but also the Council was to possess powers of initiative and be given the right to propose bills of such a nature. Having representation in the Economic Council the various economic groups of the country would have an opportunity to make their influence felt directly through the Economic Council and not need to exert their influence indirectly through parliamentary agents. Political expediency would be excluded almost entirely from the counsels of this new economic parliament, as its members, being appointed and not elected, would not necessarily be guided entirely by political considerations. It was felt that the Economic Council would become a living social organism and would bring about in Germany's economic life a much-desired unity which the Parliament as a political body with sharply opposing interests could not accomplish.

While practically all the important economic and industrial groups were for the creation of an Economic Council, the form it was to take and its composition caused a great deal of con-

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troversy. There were first the advocates of territorial representation who wanted the Economic Council to be built up according to districts and States. Opposing them were the representatives of the large employers' and employees' organizations, centrally and nationally organized, who objected to territorial representation and wanted to have the Economic Council built up on the basis of the nationally organized industry groups. After considerable wrangling the latter idea prevailed, but concessions had to be made to the advocates of regional representation. Thus it came about that the membership of the Economic Council was increased from 100, the number originally proposed, to 326, the number finally adopted. In fixing the number of delegates the basic thought was that the employers and employees should have an equal number of delegates in the Council and the total number of delegates representing the producers and distributers of goods should be in fair proportion to the delegates representing the ultimate consumer. One of the most difficult tasks was to give equitable representation to all the important groups in industrial and commercial life, for it is evident that census figures—and only out-of-date figures were available—offer no very exact basis for measuring the relative importance of each group that was to be given representation.

### 2. *The Economic Council: Functions, Composition etc.*

The functions of the Economic Council may be briefly summarized as follows: (1) To express its opinion on economic and socio-political bills of fundamental importance, which must be submitted by the National Government to the Economic Council before they are presented to the Reichstag. (2) To originate proposals of an economic or socio-political nature which it can place before the Government. (3) To form a permanent economic and a permanent socio-political committee to advise the various Government Departments on current economic and social problems. (4) To cooperate in the formation of Works Councils, District Economic Councils and representative Employers' Federations.

The Council altogether has 326 members, divided among the different groups as follows:

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| | Number | Per cent |
|---|---|---|
| (1) Agriculture and Forestry | 68 | 21 |
| (2) Horticulture and Fisheries | 6 | 2 |
| (3) Industry | 68 | 21 |
| (4) Trade, Banks and Insurance Companies | 44 | 13 |
| (5) Transportation and Public Enterprises | 34 | 10 |
| (6) Handicrafts | 36 | 11 |
| (7) Consumers | 30 | 9 |
| (8) Corps of Officials and of Professions | 16 | 5 |
| (9) Reichsrat | 12 | 4 |
| (10) National Government | 12 | 4 |
| | 326 | 100 |

The members of the Economic Council are not elected by popular vote but appointed by representative employers' and workers' organizations, public corporations, consumers' organizations and the Government. Of the 256 members comprised in Groups 1 to 6 which represent the producers, 128 are appointed by the various employers' organizations, public corporations etc., and 128 by the various workers' organizations. In the consumers' groups are represented property-owners and tenants, cooperative societies, housewives, domestic servants; among the professions are represented civil engineers, lawyers, physicians, artists, writers and so forth. The twelve appointees of the Reichsrat are selected because of their intimate acquaintance with the economic life of the various sections of Germany, and the twelve appointees of the National Government have been chosen because they have rendered some signal service to Germany's industrial life.

Anyone who is eligible to be elected to the Reichstag can be appointed a member of the National Economic Council and even if one is a member of the Reichsrat or Reichstag, that does not prevent him from being at the same time a member of the Economic Council. The appointment as member of the Economic Council is a permanent one and the office, outside of voluntary resignation or death, need be relinquished only upon recall by the organization to which the member owes his appointment.

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The Economic Council has a chairman, a first vice-chairman, seven more vice-chairmen and nine secretaries. Together these eighteen officers form the Executive Committee. The chairman and first vice-chairman are elected from the total number of employers' and employees' delegates as represented in groups one to six, but so that both the employers and employees are represented. The employers' delegates of groups one to six elect two more vice-chairmen and three secretaries and the employees' delegates of the same groups also elect two more vice-chairmen and three secretaries. Groups seven to ten elect three vice-chairmen and three secretaries. The Executive Committee is therefore composed of one-third employers' members, one-third employees' members and one-third members representing consumers and professions. The chairman and first vice-chairman alternate as presiding officers once every six months, so that the employers' and employees' delegates alternate in presiding.

The constitution of the Economic Council provides for two permanent committees—the economic and the socio-political—which have thirty members each. The Economic Council has the right to appoint as many more committees as it sees fit. The committees themselves are given the right to appoint sub-committees. In all committees and sub-committees representation is on the basis of one-third employers' members, one-third employees' members, and one-third representatives of consumers and professions.

As it is desirable to have in the votes of the Economic Council a faithful reflection of the industrial and economic forces on the outside, the vote of each group is recorded separately, showing in detail the majority and minority vote within the group.

### *3. The Work of the Economic Council*

A summary of how the Economic Council works in practice is given below:

1. The Government submits to the Economic Council drafts of economic or socio-political bills of importance and other programs of contemplated governmental action of far-reaching

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nature; these bills or programs are studied by the Economic Council and sent back to the Government with detailed reports and recommendations.

2. The various committees of the Economic Council are in close touch with the governmental departments having jurisdiction over matters for the handling of which the committees were formed. These governmental departments submit current problems of some importance to the Economic Council and its committees; such matters are carefuly studied and reports with specific recommendations are made.

3. Upon the initiative of one or more members of the Economic Council or upon the request of private persons or organizations, the Economic Council or its committees take up inquiries suggested by these persons or organizations; the matter is studied and together with recommendations is submitted to the governmental departments concerned.

4. One or more members of the Economic Council may address short written inquiries to the Government which state very precisely what information is wanted. The Government answers these inquiries either verbally or in writing. In practice these inquiries are more in the nature of criticism or disapproval of the action of the Government or one of its administrative departments.

5. Inquiries (interpellations) on matters of national or international importance are addressed directly to the Chancellor. Such inquiries, however, must be signed by at least thirty members of the Economic Council. These inquiries are answered by the Chancellor in person before the plenary session of the Economic Council and they usually become the basis for some future action on the part of the Government.

The Economic Council has parliamentary forms. But, being a body of experts and not of politicians, it eschews long-winded discussions before the public forum. For that reason plenary sessions of the Council do not take place very often. The bulk of the work is done in the meetings of the various committees. This practice, it is thought, permits a more objective and less oratorical handling of the questions at issue. Thus it comes to pass for the one-year period from April, 1921,

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to April, 1922, for instance, there were less than twenty-nine sessions of the full Council, but more than seven hundred committee meetings.

Quite a clear idea of the range of work of the Economic Council may be had by merely enumerating its committees. There are first the two permanent economic and socio-political committees provided for in the decree. From members of both of these committees there has been formed a sub-committee to assure close cooperation between the two. In addition to these two permanent committees the Economic Council has appointed committees dealing with problems of commerce, finance, transportation, waterways, land-settlement and dwellings, works councils, and development of productive forces. The Economic Committee has created further sub-committees for the discussion of questions of control of foreign trade and levying of export duties. The Commerce Committee has formed sub-committees which deal with problems such as granting of production credits, agricultural needs and food provisioning, coal problems, forestry questions, promotion of intellectual work and economic socialization. The Finance Committee has a sub-committee which deals with control of taxation and one which is to prepare data for consideration by the larger committee.

Much more space than is here available would be necessary to enumerate in detail the many questions the Economic Council, its committees and sub-committees have dealt with since the inception of the Council. Only a few may be mentioned: the formulation of a program which would put Germany's finances on a sounder basis; a careful examination of the general taxation laws, imposition of an income tax, consumption tax, corporation tax, insurance tax, coal tax, and finally a levy on capital; regulation of foreign exchange and reparation payments; control of the potash industry, of commerce in articles of luxury and of exports and imports; unification of the laws controlling waterways, establishment of credit associations of German industry and stimulation of production of artificial fertilizers; granting of aid to promote building activities, legal regulations of rent and enactment of tenants' protective laws;

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erection of dwellings for rural workers and cultivation and settlement of waste lands; control of retail prices of articles of consumption, bread-rationing and relief for nursing mothers.

In the domain of labor the Council has dealt with such matters as: draft of bill requiring the submission of balance sheets and profit-and-loss accounts to the Establishment Works Council and the prescribing the manner of delegating members of Works Councils to the Board of Directors; enactment of an industrial disputes settlement law; the enlargement of the employment service; regulation of the working time in industry, agriculture and domestic service; alleviation of unemployment; adoption of the law for unified wage statistics and reform of the social insurance system.

### *3. The Economic Council and its Critics*

One of the first criticisms directed against the Economic Council is that it must do unfruitful work because it has only advisory and no legal powers and cannot therefore give legal force to its deliberations. While the Government is obliged to lay certain of its legislative proposals before the Economic Council, it may or it may not take the Council's advice; nor is the political parliament bound by the Council's decisions. The Economic Council, therefore, cannot be called an economic parliament, strictly speaking, but is at best a commission of inquiry having parliamentary form.

It is quite evident that the Economic Council has not found favor with the believers in pure parliamentarism, for they make no attempt to hide their jealousy of this new rival. In a recent discussion of the budget of the Economic Council before the Reichstag the attitude of the parliamentarians was brought out rather clearly. First they thought this new industrial parliament was entirely too expensive. Then it was considered to be merely a side-show of the Reichstag. Its right to existence had still to be proven. It was claimed that most of its activities did not differ from those of the parliament and that its work represented merely a duplication of effort, for the same things that are dealt with in the Economic Council must be discussed anew in the Reichstag. Parliamentary orators were loth to be-

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lieve that there was a greater number of eminent economic and industrial experts in the Economic Council than in the Reichstag. Instead of the smaller number of political parties as represented in the Reichstag, there were a far greater number of separatist groups represented in the Economic Council all of which were anxious to present their points of view. This factional confusion instead of simplifying and accelerating the work caused only further delay. If there must be such a body as the Economic Council the parliamentarians would attach it, with a greatly reduced membership, to the Reichstag as a part of the parliamentary system.

Critics are not lacking who say that the deliberations of the Council have not been as free from politics as had been hoped. As example the fact is cited that in the discussion of the various taxation measures, which should have been considered as purely economic problems, political considerations had no small weight. Likewise group and class differences have not been obviated, for generally there is little unanimity in the votes taken; group interests predominate and employers and employees line up against one another.

The socialists of all shades and the trade-unionists have not been sparing in their criticisms of the Economic Council, although during the course of its existence a curious situation has developed; while the political socialists were more or less opposed to the Economic Council for about the same reasons that the other parliamentarians were against it, the more moderate trade-union socialists, believers in economic action, rather favored the Economic Council.

The Economic Council finds very little favor with the more extreme radical socialists who had hoped that the Council would become an effective instrument with which a breach might be made in the capitalist system. To them the Economic Council as at present constituted is purely an instrument of capital and offers no hope that through it the socialist program may be realized. And even if they were to accept the Economic Council, they think it an illusion to hope that the present Economic Council will gain in authority and develop into a real Economic Parliament. One of their chief objections to the

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present Economic Council is the policy of giving equal representation to employers and employees. A few thousand employers, it is alleged, are given the same rights and have equal importance with millions of workers. Not being adherents of the system of "industrial mutualism", the extreme socialists object to the apointment of workers' representatives by joint councils of employees and employers, who, they say, managed to keep out the radical Metal Workers Union, the largest single labor organization in Germany. They also criticize very severely the fact that the workers' delegates cannot present a united front, for besides the "class conscious" trade-union members there are delegates of the Christian and "Yellow" (National) trade unions whose interests are not always identical with those of the socialist unions and who are prone to go their own way rather than follow the lead of their radical coworkers.

### *4. Conclusions*

While the Economic Council has not been spared of criticism during the two years of its existence, it has gone on working. During this time it has also found a considerable number of supporters who had no preconceived notion that the Economic Council was going to transform Germany into an economic paradise or become a vital instrument of the class struggle. To them the following questions were put: Has the Economic Council been successful? How far have the hopes of the supporters of the Economic Council idea been realized? What distinctive position has the Economic Council itself established? What is the value of the Council's work to the Government and to the Reichstag? And, finally, what is the Council's influence upon the national economic life?

The time during which the Economic Council has been in existence, its supporters answer, is too short to permit anyone to say definitely whether it has been successful or unsuccessful; nor can its work be discredited because it has not fulfilled the fantastic hopes placed upon it. The Economic Council is a wholly new and untried institution and before it can find its own course it must necessarily go through a period of experi-

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mentation. Because of its newness and the close relation of its work to the political parliament it has not yet been possible to define the activities of the Economic Council sharply as against those of the political parliament and assign to it its proper field of work. The fears that have been expressed that the Economic Council may develop into a rival parliament and endanger the political authority of the Reichstag are entirely unfounded. The idea of taking the power of final decision out of the hands of the political parliament is foreign to the members of the Economic Council. The Economic Council is gradually making a place of its own and finding its proper sphere of activities, which are not contradictory but supplementary to the work of the Reichstag. Closer relations between these two bodies are being established.

The strength of the Economic Council lies in the fact that it is composed of politically independent experts who are representatives of all the Nation's industrial and economic groups, consumers included. The members, not being elected by popular vote but being appointed by representative organizations and holding office permanently, are less influenced by political ambitions and parliamentary jealousies. It may be true that they are not wholly disinterested in the problems they have to deal with, but their judgments and decisions receive a certain correction through the presence in the Council of both big and little employers, workers and salaried employees, small shopkeepers, peasants, consumers and professionals. Because of this peculiar composition of the Economic Council the views on contentious problems are neutralized and there is no possibility that any one group may establish a predominant position. The spirit of political particularism, so rampant in Germany during these turbulent times, receives a certain check in this body of experts and an atmosphere is created which permits the larger common interest to predominate.

It is generally acknowledged that the Economic Council has done some very good work and has rendered valuable service. It has advanced really workable programs for the solution of pressing social and economic problems and has established guiding principles of fundamental importance. The Govern-

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ment has publicly stated that it attaches great importance to the opinions of the Economic Council and that it has been influenced by the Council's recommendations. The Government considers the opinions of the Economic Council the more valuable as they come directly out of the experience of practical industrial life. The Reichstag and the various political parties, too, have gradually come to recognize the great value of receiving advice from a "Chamber of Experts" the composition of which is a guarantee that economic and social questions will be handled in a business-like manner and viewed from an objective standpoint. Through the preparatory work done by the Economic Council and its committees—careful expert study and the ironing-out of questions of dispute—the work of Parliament itself has been made easier and has been considerably expedited. Both the Government and the Reichstag acknowledge that their own position on public questions is strengthened through the proposals and recommendations of the Economic Council, for the Council, being cognizant of the important position it occupies in industrial life, naturally assumes full responsibility for the proposals it advances and the recommendations it makes.

Of paramount significance is the fact that it lies within the power of the Council itself to become an increasingly important factor in the entire economic scheme, for it has been given large powers of initiative which it may exercise in almost any direction. The Council's functions need not be limited to dealing with specific questions that are brought before it; its great opportunity lies in working out economic and industrial programs of far-reaching scope. Advocates of the Council idea hope that in time the economic council may be given certain powers of control over the governmental departments and even have the functions of a legislative body in its special sphere.

The chief value of the Economic Council at present lies in the weight and maturity of its judgment, as a body of economic experts and accredited specialists, whose advice no government and no lawmaking body, however strongly influenced by political considerations, can pass over lightly. As a per-

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manently constituted body of eminent experts, the Economic Council is capable of penetrating deeply into economic life. Its greater objectivity gives some assurance that the economic and social problems will find a more equitable solution. The supporters of the industrial parliament idea have great confidence that the Economic Council will be increasingly useful as a means of bridging the gulf between capital and labor and of bringing about Germany's economic restoration.

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# THE SUPREME COURT'S REVIEW OF LEGISLATION IN 1921–1922

JUDICIAL review of legislation is the term commonly applied to the function exercised by the courts in deciding whether statutes are constitutional or unconstitutional. While constitutional issues are not confined to the validity of legislation, complaints against statutes raise by far the most important problems in the interpretation and application of constitutional provisions. In answering questions thus raised under the federal Constitution, the Supreme Court of the United States runs the line between the spheres of state and of national authority and marks the limits imposed on each for the protection of individual liberty and property. Acts of Congress may be held invalid because not within the powers vested or because they violate restrictions imposed on the exercise of authority conferred. Acts of state legislatures may be denied enforcement because of encroachment on the preserves of national power or because they run afoul of the restraints which the Fourteenth Amendment and other clauses set for the sake of saving individuals from excess of legislative zeal. The Supreme Court's review of the more important legislation which came before it during the October Term of 1921 is the subject matter of this record.[1] Limitations of space—not to mention others still more inexorable—forbid adequate analysis of the several opinions and confine us to presenting in broad outline the more significant decisions of the year.[2]

[1] For similar reviews of the decisions of the two preceding terms, see "The Supreme Court and the Constitution, 1919-1920", POLITICAL SCIENCE QUARTERLY, vol 35, pp. 411-439, and "Major Constitutional Issues in 1920-1921", POLITICAL SCIENCE QUARTERLY, vol. 36, pp. 469-500.

[2] Up to the time of going to press, no advance sheets of the official reports of the Supreme Court for 1921-1922 had appeared. For this reason, citations of the cases are omitted. The cases will appear in volumes 257, 258 and 259 of the official United States Reports, in volume 66 of the Lawyer's Edition, and in volume 42 of the Supreme Court Reporter.



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## I. National Legislation

### A. *The Scope of National Authority*

No decision of recent years surpasses in importance that of Bailey *v.* Drexel Furniture Co., which declared unconstitutional the so-called federal child-labor tax. Had the exaction been sustained, the scope of national power would have become practically immune from limitation based on the idea of a federal system. The reserved power of the states would have vanished in the presence of the power of the United States to impose prohibitive taxation to suppress whatever Congress might, within the limits of due process, deem unworthy of existence. The law of the federal system would have been concerned, no longer with the scope of national power, but merely with the mode of its exercise. That such was already the situation was a not unnatural inference from an earlier decision sustaining a federal excise of ten cents a pound on colored oleomargarine, it being conceded by demurrer that such a tax would put an end to the enterprise.[1] That decision was concurred in by Justices McKenna, Holmes and Day, who also concur in condemning the child-labor tax. The opinion of the Chief Justice in the present case professes to distinguish and not to overrule the Oleomargarine Case. The distinction boils down to saying that the court could not catch Congress in the oleomargarine tax as it can in the child-labor tax. The complaint against the former found no other basis than that the tax was excessive in amount and therefore destructive. This was answered by saying that the court cannot inquire into the motives of Congress and that the proper amount of the tax is not a matter for the court. A difference in the child-labor tax was that the act contained detailed specifications of the ages of employees and the hours of labor which give rise to a demand for the tax, and that it exempts employers whose hiring of children is unwitting. Such provisions, said the Chief Justice, afford objective evidence of the prohibitory and regulatory effect and purpose of the statute and inform the court of its nature without involving

[1] McCray *v.* United States (1904), 195 U. S. 27.

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it in surmises as to congressional motives. It makes the demand for ten per cent of the net income of the enterprise, not a tax, but a penalty for indulging in prohibited conduct—"a heavy exaction for a departure from a detailed and specified course of conduct in business." "Scienters", he added, "are associated with penalties, not with taxes."

Of course, so far as words go, it may be said with equal truth that every excise is a penalty for doing the act on which the tax is imposed. The issue in such cases is one of judgment, not one of mutually exclusive categories. It is difficult, however, to question the judgment of the court in the present case. The worthy foes of child labor who regret the decision are not pining because the government has thereby been deprived of revenue. The weight of the decision is the greater because the court was so nearly unanimous, only Mr. Justice Clarke dissenting. A loophole for a different sort of prohibitive taxes is left by the statement of the Chief Justice that "if it were an excise on a commodity or other thing of value, we might not be permitted under previous decisions of this court to infer solely from its heavy burden that the act intends a prohibition instead of a tax." But the decision plainly enough puts an end to the use of the national fiscal power to regulate the hours or conditions of labor. The attention devoted to the regulatory features of the act, aside from the provision exempting the innocent employer, is sufficient to warrant the conclusion that elimination of this clemency would not conceal the propensities on which the court predicated the decision.

The Child Labor Decision was followed in Hill *v.* Wallace, which visited the same condemnation on the federal tax of twenty cents a bushel on grain sold for future delivery under circumstances other than those excepted in the statute. One exception was sales by one who owns the grain at the time; the other was sales through a member of a Board of Trade designated by the Secretary of Agriculture in accordance with detailed specifications set forth in the statute.

In the well-known Shreveport Rate Case[1] it was held that

[1] Houston, East & West Texas Railway Co. *v.* United States (1914), 234 U. S. 342.

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Congress may regulate intra-state railroad rates to the extent necessary to prevent unfavorable discrimination against extra-state points competing for business with points within the state whose rates were in issue. The Transportation Act of 1920 went further and forbade discrimination against interstate commerce in general, in addition to discrimination against particular localities. Acting under the authority thus conferred, the Interstate Commerce Commission ordered carriers to raise local rates to the general level of interstate rates. Several state regulating bodies declined to authorize such increase of local rates in some particulars and thus the carriers found themselves forbidden by the states to do what they were ordered to do by the federal commission. In Railroad Commission of Wisconsin *v.* Chicago, B. & Q. R. Co. and New York *v.* United States the federal prescription was sustained and the opposing state requirements were annulled. Chief Justice Taft says that the constitutional power of Congress follows inexorably from the Shreveport Case. "Congress as the dominant controller of interstate commerce, may", he says, "restrain undue limitation of the earning power of the interstate commerce system in doing state work." The idea seems to be that the supremacy of the national power permits it to dictate the terms on which the interstate facilities shall be used for intrastate carriage to the extent necessary to ensure the effectiveness of the system for transportation among the several states. This at first glance seems to go beyond the doctrine of the Shreveport Case in that in effect it requires local commerce to help interstate commerce and not merely to refrain from hindering it. The missing links appear in the Chief Justice's discussion of the proper interpretation of the Transportation Act. Here he points out that Congress has power to raise interstate rates to the point necessary to ensure effective service and adequate equipment through improvement of borrowing power, that the amount needed from interstate rates depends in part upon the yield of intrastate rates, that the lower the latter the higher must be the former, that such disparity would favor local transit at the expense of interstate transit, and hence that the prevention of the disparity is essential to the protection of interstate commerce from dis-

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crimination in favor of local commerce. In the New York Case the roads were restricted by charter from charging some of the fares ordered by the federal commission. This difficulty was overcome by saying that the states could no more regulate interstate commerce by contract than by legislation. No mention was made of the possible further objection that the corporate action commanded was *ultra vires*.

These cases sustaining the Transportation Act with its control of local rates were adduced as precedents for Stafford *v.* Wallace, which sustained the Packers and Stockyards Act of 1921 by which Congress vested in the Secretary of Agriculture supervisory powers over stockyards and commission men with authority to regulate the rates charged for services in making sales. These sales were intrinsically local, in the sense that their consummation required no interstate transit. Most of the stock, however, originated in states other than the one in which the sale occurred, and much of it after the metamorphosis of the shambles went on to other states. Therefore the sales within the yards were held to be a part of interstate commerce or "so associated with it as to bring" them "within the power of national regulation." While they "create a local change of title . . . they do not stop the flow" from pastures in one state to tables in another. Cases in which various local adjuncts of interstate commerce were held subject to state control were declared inapposite on the ground that the rule which marks the point at which state regulation becomes permissible is not necessarily the one to mark the point beyond which the national government may not go to prevent restraints of interstate commerce.

When an Act of Congress is resisted as an interference with the governmental operations of the states, classifiers may disagree as so whether the issue relates to the scope of the authority granted to the national government or to the application of some implied limitation on the exercise of powers concededly vested. Material for such an alluring controversy is furnished by two decisions of the past year. Greiner *v.* Lewellyn held that the inclusion of municipal bonds in the assessment of the federal estate tax does not make the tax one on the bonds them-

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selves and thus a tax on an instrumentality of the state. Though the particular question had not arisen previously, the answer was plainly predetermined by decisions allowing a state to tax or to forbid bequests to the United States and to tax bequests of United States bonds, and by decisions allowing the United States to tax bequests to a city and to include in the assessment of the estate tax the amount taken by a state for its inheritance tax. All these cases adduced the somewhat artificial notion that a tax on a transfer of property is not a tax on the property transferred, but they have the practical justification that they do not in fact impede the borrowing power of the government whose securities are thus included in an assessment. A grant of the desired immunity would confer a bounty on the borrowing power. To a large extent this is true also of the exemption of public securities and the interest thereon from direct taxation, but such exemption is now too firmly established to be overcome otherwise than by constitutional amendment or by the consent of the government whose borrowing power is involved.

In Leser *v.* Garnett the Nineteenth Amendment survived the objection that the addition of women to the electorate of a state is so fundamental a change as to destroy the state autonomy implicit in the federal system ordained by the Constitution. Mr. Justice Brandeis pointed out that the objection was equally apposite to the Thirteenth Amendment, which had already been recognized as a valid appendix to the original frame of government. He insisted that there is no merit in the contention that the Thirteenth Amendment affords no precedent because it was a war measure, not adopted in accordance with law, which had acquired the force of law only by continued acquiescence. The decision further established that state legislatures in ratifying proposed amendments to the federal Constitution are wholly free from any limitations in the state constitutions and that any violation of their customary rules of procedure is immaterial since duly authenticated notice of ratification communicated to the Secretary of State is conclusive upon him and his ensuing proclamation is conclusive upon the courts. This puts an end to all efforts to secure judicial review

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of the process of amending the federal Constitution so long as formal requisites are complied with. The possibility of irregularities which the Supreme Court would condone may seem less shocking when we recall that the Constitution itself was not adopted in accordance with Article XIII of the "Articles of Confederation and Perpetual Union", which provided that "the articles of this confederation shall be inviolably observed by every state, and the union shall be perpetual; nor shall any alteration at any time hereafter be made in any of them; unless such alteration be agreed to in a Congress of the United States, and be afterwards confirmed by the legislatures of every state."

### B. *Restraints on the Exercise of National Power*

The validity of congressional legislation is not assured solely by reason of the fact that it is within the scope of national authority and not an encroachment on the reserved powers of the states. There still remains the question whether the action offends limitations on the exercise of national powers. Direct taxes, for example, must be apportioned among the states according to population. A tax on income, though regarded as intrinsically an indirect tax, was held to be in substance a direct tax when levied on income from property.[1] Then came the Sixteenth Amendment which is construed to protect this intrinsically indirect tax from being regarded as in substance a direct tax because of the source from which the income is derived.[2] Thus no longer does any federal tax on income have to be apportioned. To get the saving grace of the Sixteenth Amendment the tax must be on what is really income and not on capital. One of the requirements of income from capital is that it must be severed therefrom. Stock dividends were held not income because not severed from capital.[3] Dividends in

[1] Pollock *v.* Farmers' Loan & Trust Co. (1895), 157 U. S. 429, 158 U. S. 601, as interpreted in Brushaber *v.* Union Pacific R. Co. (1916), 240 U. S. 1, 16-17.

[2] Brushaber *v.* Union Pacific R. Co. (1916), 240 U. S. 1, 17-19; Stanton *v.* Baltic Mining Co. (1916), 240 U. S. 103, 112-113; Peck & Co. *v.* Lowe (1918), 247 U. S. 166, 172-173.

[3] Eisner *v.* Macomber (1920), 252 U. S. 189; POLITICAL SCIENCE QUARTERLY, vol. 35, p. 427.

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stock of corporations other than the one declaring the dividend were held income for the reason that the dividend transfers to the stockholder what had previously been assets of the corporation.[1] In United States *v.* Phellis and Rockefeller *v.* United States the question was whether the corporations declaring the dividend and the corporations in whose stock the dividend was paid were substantially one and the same so that the dividend was in truth a stock dividend rather than a dividend in stock. In one case a New Jersey corporation created a Delaware corporation to which it transferred property in exchange for stock, which stock it used to pay a dividend. In the other case oil companies created pipe-line companies to take over their pipe lines. The pipe-line stock was given to the stockholders of the oil companies either directly from the new pipe-line companies or mediately through the oil company. In both cases the original corporations remained in existence with their capital intact. Notwithstanding what is said in the opinions, the old and the new corporations were in substance as identical as any two corporations could well be. The decisions holding that the dividend in new stock is income and not a stock dividend must be taken to mean that only under the most extraordinary circumstances will the court look through the corporate entity to hold two corporations one and the same so as to extend the Stock Dividend Decision to a dividend in the stock of a corporation technically distinct from the one which pays the dividend. This adds to the substantial inconsistencies in the distinctions between what dividends are income and what dividends are not, but the inconsistencies were already sufficient to persuade a lover of truth that form and technicalities play a considerable part in the official determination of what is income and what is not income.

The principle of the Stock Dividend Decision was applied in Miles *v.* Safe Deposit & Trust Co. to hold that rights to subscribe for new shares are not income to a stockholder but merely a new evidence of his existing capital interest. If such rights are sold, the sale is a sale of capital and the proceeds are

[1] Peabody *v.* Eisner (1918), 247 U. S. 347.

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income only to the extent that they bring a gain on the stockholder's entire transaction from the time of acquiring his parent stock which yielded the right to subscribe for new shares. In the case at bar the parent stock was all acquired at the same time and at the same price and each share yielded a right to subscribe to an additional share for $150. The cost of each right was determined by adding to the cost of the original share the cost of acquiring another share by exercising the right, dividing this by two and substracting the expense of exercising the right. The profit and income on each right sold was the remainder obtained by subtracting this cost from the price received. The result was thus the same as if the stockholder had exercised his right and thus by two purchases acquired two shares at the expense of the price of his original share plus the cost of exercising his right, and had then sold one of the shares thus obtained. This method of computation was declared to be sound in itself, notwithstanding the administrative difficulties that might present themselves in a more complicated case where the original shares were acquired at different prices. The approval of the method here used does not, it would seem, necessarily imply disapproval of the use of other methods under different circumstances.

The Fifth Amendment requires that prosecution for an infamous crime be initiated by a presentment or indictment of a grand jury except when trials by courts martial are proper. It has long been settled that the character of the crime is determined by the character of the punishment possible under the statute. United States *v.* Moreland holds that imprisonment at hard labor is infamous punishment without regard to the character of the institution in which the prisoner is placed. Therefore a man sent to the workhouse for failure to support his family was held entitled to his discharge because his prosecution had been started by information rather than by action of a grand jury. A minority of three thought that infamy could not be implied from confinement at hard labor in a workhouse or house of correction as distinct from a penitentiary. It was agreed that any imprisonment in a penitentiary is infamous and the minority thought that as hard labor is not a criterion there it should

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not be elsewhere. The majority however, thought themselves bound by an earlier opinion to hold that enforced indulgence in the instinct of workmanship makes any confinement infamous. The earlier decision was distinguishable, as the minority pointed out, so that there was clearly no compulsion to announce the absurd doctrine that a grand jury is needed to start a shiftless husband and father on the way to useful labor but not on the way to constrained repose.

The Fifth Amendment is not a limitation on the states, and its requirement of trial by jury, according to one of the famous Insular Cases,[1] does not apply to the "unincorporated" territories or possessions. The annexation of Porto Rico did not "incorporate" it in the United States.[2] The issue in Balzac *v.* Porto Rico was whether subsequent congressional legislation had worked the miracle of incorporation so that trial by jury is necessary. In holding that it had not, Chief Justice Taft relied on the fact that Congress in the Organic Act of Porto Rico of 1917 had included a bill of rights containing other guarantees but omitting the right of jury trial. He pointed out, too, that the significance of incorporation is now so well known that there is a strong presumption against inferring it in the absence of explicit declaration by Congress. Illustration of the fact that the Philippine Islands are still "unincorporated" is found in Rafferty *v.* Smith, Bell & Co., which allowed Congress to ratify duties on exports from the Philippines imposed by the territorial legislature at a time when such duties were forbidden by Congress. Neither the states nor the United States can impose imposts on articles exported from what is technically the "United States."

Alaska is an incorporated territory,[3] but Alaska *v.* Troy holds that it is not a "state" within the meaning of the clause which declares that "no preference shall be given by any regulation of commerce or revenue to the ports of one state over those of another." Therefore Congress may except Alaskan

[1] Dorr *v.* United States (1904), 195 U. S. 138.

[2] Downes *v.* Bidwell (1901), 182 U. S. 244.

[3] Rasmussen *v.* United States (1905), 197 U. S. 516.

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ports from a statute opening the coastwise trade to Canadian rail lines and connecting water facilities over through routes.

It has long been settled that Congress may give to the Postmaster General power to determine conclusively the facts on which he bases a "fraud order" denying the use of the mails to those found by him to be using them for fraudulent purposes. This was reiterated in Leach *v.* Carlisle over the dissent of Justices Holmes and Brandeis, who thought that now that Congress forbids carriage of letters in other ways than by mail and the postal service has become an absolute essential to the conduct of business, freedom of speech is abridged in violation of the First Amendment by allowing an administrative officer to wield such drastic control over the means of written communication. The dissent indicates the growing strength of the idea that the increase of the business functions of government requires a reconsideration of the assumed principle that customary constitutional restraints are not applicable to the performance by the government of services which it is not initially bound to undertake.

One of the most criticized decisions of the Supreme Court is the famous Ju Toy Case,[1] which held that a Chinese person seeking to enter the country and claiming to be a citizen may be excluded by administrative officers without right to judicial inquiry into the facts upon which the claim to citizenship is based. The statute involved spoke of "aliens" and so it seemed that a claim of citizenship questions the jurisdiction of the administration and so cannot be decided conclusively by it. Somehow or other the court found that the administration had jurisdiction over "Chinese persons" seeking to enter and so dismissed the objection based on absence of jurisdiction. This still left the constitutional question. The decision denying judicial review had for its practical justification the palpable disadvantages of clogging the courts with the innumerable claims that might be made by incoming immigrants. No such volume of business would be engendered by similar claims in cases of persons already resident in the country whom the gov-

[1] United States *v.* Ju Toy (1905), 198 U. S. 253.

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ernment seeks to deport for prior unlawful entry or for unlawful remaining. This consideration undoubtedly influenced the decision in Ng Fung Ho *v.* White, which holds that such persons are deprived of due process of law by being denied a judicial hearing on a claim to citizenship sufficiently supported to render it immune from the charge of being frivolous. This practical distinction between exclusion and deportation after residence is, however, not mentioned in the opinion. Mr. Justice Brandeis refers to the denial of liberty involved in banishing a citizen and to the possible "loss of both property and life, or all that makes life worth living" and declares that "against the danger of such deprivation without the sanction afforded by judicial proceedings, the Fifth Amendment affords protection in its guarantee of due process of law." Thus the decision is placed explicitly on constitutional grounds although earlier the opinion says that "jurisdiction in the executive to order deportation exists only if the person arrested is an alien." Other petitioners involved in the same decision were concededly aliens and found themselves subject to the established principle that "Congress has power to order at any time the deportation of aliens whose presence in the country it deems hurtful, and may do so by appropriate executive proceedings."

## II. State Legislation

### A. *Encroachment on the Sphere of National Authority*

One of the marked tendencies in the decisions of the past year is the expansion of restriction on state legislation alleged to interfere with the due freedom of interstate commerce. Crescent Cotton Oil Co. *v.* Mississippi followed traditional lines in holding that the process of ginning cotton is distinct from the subsequent disposition of the product. The court therefore sanctioned a state statute forbidding corporations to combine the enterprise of ginning with that of making oil or meal even though the product was to be sent to another state. In other cases, however, enterprises intrinsically local in character were held to be immune from state regulation because the court thought them in a practical sense an integral part of the inter-

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state commerce with which they were associated. In reaching this result, reliance was placed chiefly on prior decisions which had allowed Congress to wield control over what may be regarded as local antennae of interstate commerce. Obviously Congress by virtue of the necessary-and-proper clause may regulate local matters to the extent that such regulation is necessary for the adequate control of interstate commerce. It does not follow, however, that what is thus within the regulatory power of Congress is without the regulatory power of the states. Yet the court now seems inclined to declare that whatever Congress may regulate is itself interstate commerce, in a practical if not in a technical sense, and therefore to bring about a negative correspondence between national power and state power and to eliminate the neutral zone in which state action will be sustained as a regulation of intrastate commerce until Congress finds it necessary to interfere for the protection or the promotion of interstate commerce.

Thus in Lemke *v.* Farmers' Grain Co. and Dahnke-Walker Milling Co. *v.* Bondurant, contracts to purchase grain which became completely executed without any interstate transportation were nevertheless brought under the ægis of the commerce clause so as to acquire immunity from state control. In the first case North Dakota elevators escaped from a state statute which among other things sought to make them pay reasonable prices to the farmers for grain purchased from them. This was held an invalid regulation of interstate commerce upon a showing that the grain thus bought and delivered in North Dakota is customarily shipped at once to other states. Other requirements with respect to licensing, weighing and grading were thought to be so interwoven with the price-fixing provision as to fall with it. The implication is, however, that some of them might be sustained in a separate statute as requirements which merely incidentally affect interstate commerce and fall short of regulating it in the constitutional sense.

In the second case a Tennessee miller bought grain from a Kentucky farmer who was to deliver it to a carrier in Kentucky for shipment to Tennessee. The farmer failed to comply with the contract and when sued by the purchaser adduced a Ken-

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tucky statute forbidding the courts to entertain suits by foreign corporations not duly registered in the state. It had previously been established that such an inhospitable attitude is obnoxious to the commerce clause when displayed toward any interstate commerce transaction, but such purchases as that here in issue had never before been held to be interstate in character where the contract did not itself involve transportation across state lines. It is not unlikely that the particular decision in this as in the North Dakota Elevator Case was influenced by a disrelish of the particular state requirement involved. Exclusion from courts is discourteous and vexatious, and minimum price-fixing is anomalous. Both may in fact interfere with free intercourse between the states even when applied only to what is technically a local transaction. Thus it may be wise to restrict the states as they are restricted by these two cases. Such decisions will not necessarily unduly restrict state police power, since any police regulation may be condoned as a minor matter that does not amount to a regulation of interstate commerce. Yet if local sales are held part of interstate commerce merely because the buyer habitually sends out of the state what he has bought within it, the door is opened to adding unduly to the restrictions on the state taxing power thought to be implicit in the commerce clause.

State taxes were held unconstitutional regulations of interstate commerce in Eureka Pipe Line Co. *v.* Hallanan and in United Fuel Gas Co. *v.* Hallanan, which involved oil and gas piped out of the state. There could be no reasonable doubt that in a practical sense the transportation was interstate, since there was a continuous stream from West Virginia to other states and at the end of the accounting period it could be determined with accuracy just how much West Virginia oil left home. The only ground on which the state could possibly stand was that the oil was put into the pipes without designation of its ultimate destination and that therefore the contract did not call for interstate transportation and hence such transportation could not be regarded as commencing until the shipper called for extra-state delivery. This, however, would disregard the actual course of business and rely on formal and technical incidents. The

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fungible character of the commodities made possible a postponement of shipping directions not feasible when the identical bread cast upon the waters must be returned. Three justices dissented and contended that they rather than the majority were the realists, but it is difficult to concur in their assumption of this honor. There was no doubt that if the transportation was interstate the tax was invalid, since it was a specific tax measured by the volume of the transportation which, like a tax on gross receipts, is concededly an invalid burden on interstate commerce.

In the two predecessors of this annual summary of the work of the Supreme Court, reference has been made to the curious situation with regard to state taxation of goods of extra-state origin still in the original package.[1] The goods themselves may be taxed, but the sale thereof is exempt from state taxation unless made in some special way as by peddling or at auction. The anomaly of such distinctions now seems apparent to the Supreme Court and to be in danger of annihilation. In Texas Co. *v.* Brown Mr. Justice Pitney referred to the cases allowing state taxing of the goods and added that "this carries equally the power to tax, without discrimination, domestic sales made of personal property similarly freed from interstate commerce." This is *obiter dictum*, since the court below had held the state tax invalid as to sales in the original package and the state did not appeal. The appellant was an oil company which sought similar immunity for sales not in the original package. Cases relied on by the company were distinguished because they related only to sales in original packages. These cases are in direct opposition to Mr. Justice Pitney's dictum that state power to tax the sale is coextensive with state power to tax the goods. There was no occasion to commit the dictum unless the court desired to hint that it is prepared to overrule the cases opposed to it. If the court is not inclined henceforth to let states tax sales of goods of extra-state origin still in the original package, it was inexcusably careless of the judges to let Mr. Justice Pitney lure the states with false hopes. While the cases cited

[1] Political Science Quarterly, vol. 35, pp. 424-425; vol. 36, pp. 480-481.

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for the dictum are cases of auction and of peddling, the opinion speaks of domestic sales without restriction to any peculiar mode of disposition. However the court in future resolves its inconsistency of utterance and of decision, it is plain enough that somewhere there has been some regrettable judicial bungling. In the present opinion it is laid down that the tank cars cannot be regarded as "coming to rest within the state" immediately upon their arrival, and that therefore the inspection with consequent immediate liability for payment of remunerative fees could not be visited upon the company at that time except with its consent. This seems to take an attitude toward oil in tank cars inconsistent with that taken previously toward coal in barges, which was held taxable by a state as soon as it reached its destination and was offered for sale.[1]

During the last decade a notable series of decisions has branded as invalid regulations of interstate commerce various state excises which, though imposed nominally on the proper subject of being engaged in local business, were measured by property outside the jurisdiction and so in practical effect were imposed on extraterritorial values. The offense of extraterritoriality is one that should be condemned under the Fourteenth Amendment without asking for help from the commerce clause, but the aid of the latter became necessary because of a nineteenth-century doctrine that the states may exclude foreign corporations from doing local business and may therefore impose on such business any exaction that they choose.[2] In 1910 it was held that where the corporation combines local and interstate commerce a tax on the local commerce measured by extraterritorial values is a violation of both the commerce clause and the Fourteenth Amendment.[3] In Hump Hairpin Manufacturing Co. *v.* Emmerson a West Virginia corporation complained of an Illinois excise which was in fact measured by its total capital stock. All of its tangible property was in Illinois and

[1] Brown *v.* Houston (1885), 114 U. S. 622; Pittsburgh & Southern Coal Co. *v.* Bates (1895), 156 U. S. 577.

[2] Horn Silver Mining Co. *v.* New York (1892), 143 U. S. 305.

[3] Western Union Telegraph Co. *v.* Kansas (1910), 216 U. S. 1.

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its sales were all consummated in that state, though nine-tenths of its hairpins found their way to other states. The Illinois tax purported to be measured by averaging the percentage of the property in Illinois with the percentage of the business conducted there. The particular tax in question was assessed on the assumption that both the property and the business were one hundred per cent Illinois. In fact, of course, the business straddled state lines since it depended on having heads for the hairpins as well as on having hairpins for the heads. In sustaining the tax Mr. Justice Clarke says quite erroneously that both the statute and the state court "show a candid purpose to differentiate state from interstate business and to use only the former in determining the amount of the disputed tax." The differentiation sought was not between local and interstate commerce but between property and business within and without the state so as to avoid measuring the tax by extraterritorial values. Such an effort can hardly be regarded as completely successful when business with extra-state customers is treated as entirely within the state because the goods are in the state and the sales are technically consummated there. Since, however, the result would have been substantially the same had the ratio been confined to the property, and since the use of the property ratio had previously been approved when there was property without as well as within the state, it is but a slight, if any, extension to sanction an excise measured by total capital stock under the circumstances disclosed in the case. The court points out that the question in each case is a practical one and it finds the tax of $6000 a reasonable demand on a corporation with a capital of $6,000,000. The only contention argued on behalf of the complainant was based on the commerce clause and this is the only question considered by the court, but the result would obviously have been the same had the Fourteenth Amendment been also adduced. The court's discussion, however, would have been more to the point had it treated the issue as one of jurisdiction and extraterritoriality rather than one of burdening interstate commerce as distinct from local commerce.

After the Supreme Court had held that state compensation laws are not applicable to injuries within the admiralty jurisdic-

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tion of the federal courts,[1] Congress passed a statute expressly saving to suitors their rights under state compensation laws. This was declared unconstitutional on some vague theory of a general maritime law which had descended from somewhere and which in the nature of things has to be as universal as it is vague and which therefore may not be overlaid with the diversities incident to applying the varying rules of liability and methods of enforcement of the compensation laws of different states.[2] Three decisions of the past year show that the resulting restrictions on the states are not as extensive as was commonly assumed. The New York court took the prior Supreme Court decisions to mean that employees injured in the course of performing a maritime contract may not avail themselves of the provisions of a state compensation law which confers its awards on the theory, not that a tort has been committed, but that the law became incorporated in the contract of employment. The particular injury in question occurred on land. In State Industrial Commission *v.* Nordenholt Corporation the Supreme Court held that suits for damages for injuries on land are not within the federal admiralty and maritime jurisdiction, since such jurisdiction in cases of tort depends exclusively upon "locality". Therefore liability for this particular injury depends upon state common law and statutes, and there is no superior maritime law to interfere with the application of a state compensation statute even though its awards are made on the theory of implied agreements.

A still greater tolerance toward state law appears in Grant Smith-Porter Ship Co. *v.* Rhode, which involved an injury on a ship being constructed in navigable waters. Concededly this was a tort within the federal admiralty jurisdiction. The injured employee was a carpenter who had contracted with his employer with reference to the state compensation fund to which both had contributed premium payments. Therefore, said Mr. Justice McReynolds, it cannot be said that the parties

[1] Southern Pacific Co. *v.* Jensen (1917), 244 U. S. 205.

[2] Knickerbocker Ice Co. *v.* Stewart (1920), 253 U. S. 149; POLITICAL SCIENCE QUARTERLY, vol. 35, pp. 420-421.

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"consciously contracted with each other in contemplation of the general maritime law", and hence the proper harmony of such law is not interfered with by regulating the "liability of the parties, as between themselves, by a local rule." He also pointed out that the contract for constructing the ship was non-maritime and that neither the general employment nor the particular activities of the injured carpenter had any direct relation to navigation or commerce. Thus the decision does not hold that a sailor may contract himself out of the general maritime law. Neither does it hold that he may not. We must wait and see whether contract alone can do what contract and character of employment can do together.

Western Fuel Co. *v.* Garcia held that a federal admiralty court can enforce a state statute giving action for wrongful death, when applied to the killing of a stevedore in the hold of a ship. The decision was clearly justified by earlier precedents unless they had been modified by the intervening decision of a few years ago. Mr. Justice McReynolds remarked truthfully that no complete solution of the question of modification of the admiralty law by state legislation has been announced. The state may make modifications or supplements, but may not "change its general features so as to defeat uniformity." Apparently it was thought important that the fatal accident in question occurred in territorial waters, for the opinion says that "the subject is maritime and local in character." Technically this modifies the scope of the succeeding statement that "the specified modification of or supplement to the rule applied in admiralty courts when following the common law, will not work material prejudice to the characteristic features of the general maritime law, nor interfere with the proper harmony and uniformity of that law in its international and interstate relations." At the close of the opinion Mr. Justice McReynolds gives narratively and without comment the clause of a federal statute of 1920 which allows actions for wrongful death on the high seas and provides that it is not applicable to territorial waters and that state statutes shall not be affected thereby. Thus the particular issue of actions for wrongful death seems to be fully provided for. There still remain other questions which will have

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to be answered from year to year. The resulting confusion, contrariety and uncertainty seem more unfortunate than any danger that Congress, if allowed, might have disturbed the mythical harmony and uniformity of the mysterious maritime law which somehow the Constitution tacitly adopted aud safeguarded from legislative disintegration. The decisions of the past year suggest that the Supreme Court itself is questioning the wisdom of its five-to-four decision that Congress cannot allow the application of state compensation laws to injuries within the maritime jurisdiction.

Some decisions frustrating state interference with federal functions may be briefly mentioned. When Congress has constitutionally regulated intrastate rates, conflicting state laws have no validity.[1] The state cannot tax land in process of being derived from the federal government when the process has not gone far enough to ensure that it will be completed.[2] A state cannot assess national bank stock to the bank itself even though under the state statute the tax might have been imposed on the stockholder.[3] Income from leases of Indian lands made by the federal government on behalf of its Indian wards is immune from state taxation.[4] A state cannot coerce foreign corporations to refrain from seeking the jurisdiction of the federal courts.[5] A state constitution cannot control a state legislature in its method of action on proposed amendments to the federal Constitution.[6] It is perhaps worthy of note that none of these decisions is

[1] Railroad Commission of Wisconsin *v.* Chicago, B. & Q. R. Co., and New York *v.* United States, p. 489, *supra.*

[2] Irwin *v.* Webb.

[3] First National Bank *v.* Adams.

[4] Gillespie *v.* Oklahoma.

[5] Terral *v.* Burke Construction Co. This case declares that intervening decisions have overruled Security Mutual Life Insurance Co. *v.* Prewitt (1906), 202 U. S. 246. The earlier cases had debated the question on the assumption that the issue was whether the state could impose practical impediments to the exercise of jurisdiction by the federal courts, but the decision of the past term is based on the theory that expulsion of the foreign corporation for removing a case to the federal courts infringes upon the privilege of a citizen to enjoy the jurisdiction of those courts.

[6] Leser *v.* Garnett, p. 491, *supra.*

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founded on any specific clause of the Constitution. The basis is the general structure of the federal system assumed to be implicit in the Constitution. However far from necessary may be any individual decision, obviously there must be power to decide or the parts of our dual empire would be in danger of serious clashes.

### B. *Restraints for the Protection of Individual Interests*

The most hotly contested case of the year was Truax *v.* Corrigan, which by a five to four vote reversed an Arizona decision denying an injunction against picketing by striking employees. The statute on which the state court based its denial of equitable relief used language almost word for word like that in the federal Clayton Act. In substance it forbade the use of injunctions in labor disputes to prohibit persons from attending at or near a place of business for the purpose of peacefully persuading others to work or to abstain from working. Though the "persuasion" in question was unaccompanied by physical force or violence, it clearly transcended the limits which the Supreme Court had drawn in interpreting the words "lawful" and "peaceable" in the Clayton Act.[1] The minority did not con-

[1] This was in American Steel Foundries *v.* Tri-City Central Trades Council, in which only Mr. Justice Clarke dissented from a decision issuing an injunction against picketing. Chief Justice Taft observed in the opinion that the numbers of the pickets constituted intimidation, and that "the name 'picket' indicated a militant purpose inconsistent with peaceable persuasion". He recognized that no rule can be laid down for all cases, but in the case at bar he thought that the striking employees "should be limited to one representative for each point of ingress and egress in the plant", that others should be restrained from loitering at the plant or on neighboring streets, and that these representatives "shall not approach individuals together but singly", and not "obstruct an unwilling listener by importunate following or dogging his steps". The Foundries Case did not involve interstate commerce, or, at any rate, was not brought on the theory that it did. The decision that the acts of the defendants were wrongful was founded on the Supreme Court's ideas of applicable common-law principles. In suits in the federal courts where jurisdiction obtains by reason of diversity of citizenship and where the subject matter is not controlled by some statute, the federal courts in dealing with so-called questions of general jurisprudence apply the common law that pleases them, without regard to what pleases the courts of the state in which the acts occurred. By holding that the Clayton Act does not forbid the federal courts

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trovert the Chief Justice's characterization of it as morally coercive and intimidating. The state court, however, had found the acts to be within the statute which, it observed, meant to make the persuasion legal as well as to forbid an injunction against it. The majority of the Supreme Court declare the statute unconstitutional on two separate grounds. On the assumption that, as interpreted and applied by the state court, it legalizes picketing that amounts to moral coercion and intimidation, they hold that it deprives the plaintiff of property without due process of law. Even if the statute does not have the scope apparently given to it in the state court's opinion, but is confined to the denial of an injunction, they hold that it denies the plaintiff the equal protection of the laws because it withholds from him an injunction against employees and not against others. The position of the minority is not wholly clear. Mr. Justice Brandeis pretty clearly thinks it consistent with due process to legalize the acts in question. Mr. Justice Holmes apparently agrees. Mr. Justice Pitney, with whom Mr. Justice Clarke concurs, asserts that the statute "does not modify any substantive rule of law, but only restricts the processes of courts of equity." He therefore does not discuss the constitutionality of the contrary interpretation of the state court. All four of the dissenting justices insist that the statute does not deny equal protection, and all of them lay down that it does not deny due process to withhold injunctions from acts that could not be legalized. This latter point is not touched upon by the majority. For them such an inquiry was rendered unnecessary by their holding that it denies equal protection to deprive the plaintiff of re-

to issue injunctions against acts which, under common-law principles approved by the federal judiciary, are unlawful, the Supreme Court in effect makes it restrain the federal courts from doing only what they would restrain themselves from doing. The Truax Case apparently adopts the Supreme Court's ideas of appropriate common-law principles as the test to apply in determining what tactics of striking employees may be legalized by statute. This, at any rate, was the test applied to the particular controversy in issue. With respect to other matters, the legislature has been allowed more leeway in the past and will doubtless be similarly favored in the future. Such indulgence, however, establishes that there is no universal validity in the standards of the common law as a test of due process, and that an opinion predicated on the common-law standard does not go to the root of the issue.

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lief against the defendants for acts which would have been enjoined if done by others.

There is little to be said in favor of the majority's application of the equal-protection clause. The statute involved no discrimination between employers and employees. Neither could secure an injunction against the other to prevent persuasion to work or not to work. The employer is said to be deprived of equal protection because he is denied an injunction against employees when he would not be denied an injunction against competitors. Chief Justice Taft asserts that equal protection means equal protection "not only for all but against all similarly situated." This is supported by nebulous statements from former opinions, but never before had it found concrete application. To the extent that property-owners are always employers, the decision holds the statute lacking in equal protection because the property-owner or the employer is discriminated against in favor of himself. In view of the classifications and discriminations permitted under the equal-protection clause, it seems strange to see it used to invalidate a statute which has the constitutional flaw of interfering with the complainant's desires in only one respect rather than in two or more. As Mr. Justice Pitney puts it in his dissenting opinion, the equal-protection clause does not entitle plaintiffs, "as against their present opponents under present circumstances, to protection as adequate as they might have had against opponents of another class under like circumstances." To this he adds: "I find no authority for the proposition that the guaranty was intended to secure equality of protection 'not only for all but against all similarly situated', except as between persons in the same class. The familiar expression . . . 'Class legislation, discriminating against some and favoring others', refers to a discrimination which at the same time favors others similarly situated." A little earlier he reminds the majority of the "settled rule that before one may be heard to oppose state legislation upon the ground of its repugnance to the federal Constitution he must bring himself within the class affected by the alleged unconstitutional feature." Conceivably competitors might complain of being enjoined when others could not be, but it is novel to allow

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a restaurant-keeper to complain because, instead of being denied an injunction against both competitors and employees, he loses it only against the latter. The subsidiary question whether it is reasonable to put employees in one group and all others in another is a matter of judgment upon which men may differ without encountering any rigid methodological test. The minority saw evils in injunctions against employees which are not present in injunctions against others. It therefore seemed to them appropriate to deny the extraordinary equitable remedy in one case and not in the other. The majority did not consider the peculiar incidents of injunctions, but proceeded along a line which led to the rhetorical inquiry whether assaults by employees or ex-employees could be subject only to civil actions while assaults by others subject them also to prosecution for crime.

The issue of the constitutionality of legalizing coercive picketing is one on which difference of opinion is influenced by opposing attitudes of social policy.[1] Unless there is some limit to

[1] Differences of attitude on the general question of the latitude to be allowed to the legislature may be illustrated by three quotations from the principal case. Mr. Justice Brandeis says:

> "The denial of the more adequate equitable remedy for private wrongs is in essence an exercise of the police power, by which, in the interest of the public and in order to preserve the liberty and the property of the great majority of the citizens of a state, rights of property and the liberty of the individual must be remolded, from time to time, to meet the changing needs of society."

Mr. Justice Holmes in similar vein closes his opinion by saying:

> "I must add one general consideration. There is nothing that I more deprecate than the use of the Fourteenth Amendment beyond the absolute compulsion of its words to prevent the making of social experiments that an important part of the community desires, in the insulated chambers afforded by the several states, even though the experiments may seem futile and even noxious to me and to those whose judgment I most respect."

Evidently in answer to these observations Chief Justice Taft declares:

> "Classification like the one with which we are here dealing is said to be the development of the philosophic thought of the world and is opening the door to legalized experiment. When fundamental rights are thus attempted to be taken away, we may well subject such experiment to attentive judgment. The Constitution was intended — its very purpose was — to prevent experimentation with the fundamental rights of the individual. We said through Mr. Justice Brewer, in Muller *v.* Oregon, 208 U. S. 412, that—'It is the peculiar value of a written constitution that it places in unchanging form limitations upon legislative action, and thus gives a permanence and stability to popular government which otherwise would be lacking.'"

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the power of state legislatures to alter the common law of torts, the Fourteenth Amendment may be reduced from a legal restraint to a moral precept. By statutory changes in the common law, a state might threaten the enforceability of agreements, the secured opportunity of acquisition, and the perpetuation of ownership. There is no merit, therefore, in opposing to the majority's decision the assertion that it cannot be a denial of due process for the legislature to change the common law. Somewhere a line has to be drawn between suitable and unsuitable changes, or we face a practicable abandonment of our system of constitutional restraints. The Constitution commands the courts to draw a line but is silent about where to place it. Certainly it is desirable to have some limit to the freedom of groups to gain their end by acts of the general character confessed by demurrer in the case under consideration. Once that limit is fixed, a realist may say with reason that where injunction is the only adequate preventive, there may be no substantial distinction between legalizing acts and rendering them immune from injunction. On the other hand, this may be looking at only one side of the shield. In the case at bar, the dissenting opinion of Mr. Justice Brandeis shows in detail the enormous difficulty of the problem of regulating the conduct of labor disputes and the great contrariety of views which courts and legislatures from time to time have held. Its recital of these views suffers from its failure to point out explicitly that many of the cases which in words condone "peaceful picketing" would exclude from that category the enterprise involved in the case before the court. On the other hand, it is to be regretted that the opinion of the Chief Justice consists so largely of what in another case Mr. Justice McKenna has called "beating about in the abstract." However wise the judgment that lies behind it, the intricate issues of confused society will not be adjusted by the mode of analysis it employs.

Another decision dealing with industrial relations is Ward & Gow *v.* Krinsky, which sustained an award under the New York compensation act to the dependents of a salesman in a subway newspaper stand who was killed in the course of emptying a pail of water on the tracks. Justices McReynolds and Mc-

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Kenna dissented on the ground that the occupation was not hazardous and that liability without fault in non-hazardous occupations is a denial of due process of law. Mr. Justice Pitney for the majority answers in effect that the fact that the injury in question arose out of and in the course of the employment is itself sufficient proof that the employment is hazardous. This seems to leave the states substantially free to extend compensation laws to all occupations. Questions will still arise as to the closeness of the relation between the injury and the employment, but all major issues as to the constitutionality of workmen's compensation laws seem now to be settled. In the case at bar there was objection under the equal-protection clause because the inclusion in the statute of the particular employer depended upon the fact he had four workmen doing another kind of work elsewhere, but the drift of Mr. Justice Pitney's opinion is that the legislature can do about what it pleases in deciding whether to bring employers and employees within the act or to leave them outside.

So-called Service Letter Laws of Missouri and Oklahoma were sustained in Prudential Insurance Co. *v.* Cheek and in Chicago, R. I. & P. R. Co. *v.* Perry over the dissent of Chief Justice Taft and Justices Van Devanter and McReynolds. Under these laws, employees leaving the service of corporations were entitled to secure from them letters stating the character of the services rendered and the cause of their termination. Mr. Justice Pitney sustains the statutes on the technical ground of the extensive power of the state over corporations, but his discussion indicates that individual employers might be subjected to a similar duty. He says that no provision of the Constitution "imposes upon the states any restrictions about 'freedom of speech' or the 'liberty of silence'; nor . . . does it confer any right of privacy upon either persons or corporations." This can hardly be taken as declaring that no interference with freedom to talk could be a violation of the due-process clause of the Fourteenth Amendment, since the opinion goes on to point out the reasons which justify or might justify the particular imposition in issue.

A further point in the Cheek case is worth mentioning for what it may possibly lead to. The state court had held that

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the defendant corporation had wronged the plaintiff by an agreement with another company that neither should employ the discharged employees of the other within two years of such dismissal. This agreement was held void as opposed to public policy. The company contended before the Supreme Court that it was thereby deprived of liberty and property without due process. The obvious answer would be that the court had frequently declared that a decision of a state court on the common law of the state is not subject to reversal on the ground of lack of due process. Instead of this, Mr. Justice Pitney observes that the state might, without conflict with the Fourteenth Amendment, establish the same rule by statute, and that "for the purpose of our jurisdiction it makes no difference, under that amendment, through what department the state has acted." If this means only that what the state may do through legislation, it may do through judicial decision, it is not significant. If it means that what the state may not do through legislation, it may not do through judicial declaration of an assumed common-law principle, it is a radical departure. Mr. Justice Pitney is too strong a supporter of state autonomy to incline one to put on his language the broad construction of which it is capable. Yet it would not be surprising if the time comes when state judges in North Dakota or some equally experimental sister discover such novel and disconcerting principles in the latter-day common law that a serious effort will be made to subject their discoveries or inventions to the moderating influence of the Fourteenth Amendment.

There are other decisions relating to the police and taxing powers of the state, but none of such general interest as most of the cases already noted. The greater part of the work of the court has to do with relatively minor matters. Yet the past term has been significant for the child-labor case, the injunction cases, and decisions on the commerce clause which extend the powers of Congress and restrict the authority of the state. It is interesting that only in the injunction case was there lack of substantial unanimity. Moreover the court was unanimous in United Mine Workers *v.* Coronado Coal Co. which declared by way of dictum that labor unions are "associations" within the

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meaning of the term in the Sherman Law, and hence that they are subject to suits for damages. In the main the new Chief Justice belongs to the same school as his predecessor—a convinced nationalist, and inclined to look askance at novel extensions of legislation of a collectivist character. In this latter respect he is more moderate than Justices Van Devanter and McReynolds, but distinctly different from Justices Holmes, Brandeis and Clarke. In between are Justices McKenna, Day and Pitney, who on important conflicts between individualism and collectivism wield the balance of power. Mr. Justice Pitney's aversion to collectivistic statutes comes in conflict with his inclination toward state autonomy, and not infrequently the latter overcomes the former. It is interesting to observe how slight is the correspondence between these groupings and those of the party or territorial affiliations of the judges classified. The explanation of the differences of attitude must be sought in more subtle influences of nature and nurture which the census-taker and *Who's Who* do not catalogue. Some perhaps might expect to find it in the Constitution, but such an effort is not likely to meet with more than moderate success.

THOMAS REED POWELL

COLUMBIA UNIVERSITY

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# REVIEWS

*At the Supreme War Council.* By CAPTAIN PETER E. WRIGHT. New York and London, G. P. Putnam's Sons, 1921.—201 pp.

Not a Gentleman with a Duster, but a less gentle Englishman with a reckless sabre, is the author of this slashing attack on the Allied generals who managed, or mismanaged, the war before Marshal Foch assumed supreme command. It is undeniably a sensational book, and like all sensational books it has been hailed as "vital" and "far-reaching" by some critics, while others have censured it as "injudicial" if not "injudicious". No less a person than Lloyd George has characterized it, if we may believe the publisher's blurb, as "the *best* thing that has yet been written about the war"; perhaps this is but a fair return for the adulation which the book bestows upon him. Whether we accept or reject the great Welshman's verdict, Americans will at least find in this volume some of the most startling disclosures that have yet been published, and will regard it, pending further "revelations", as an invaluable though not an indisputable source for knowledge of the inside story of the Great War.

Secretaries sometimes rush in where generalissimos fear to tread. The near-great have less reason for reserve than the Olympians whose deeds and defects they have witnessed. If a gentleman cannot be a hero to his valet, it is no less difficult for a Field Marshal or a Premier to be a god to his secretary. As a secretary—an assistant secretary and interpreter, to be exact—at the Supreme War Council during the crucial winter of 1917-1918, Captain Wright had the opportunity to measure Foch, Haig, Pétain, Robertson, Clemenceau, Lloyd George and other immortals with his own very mortal yardstick. Clemenceau, he sacrilegiously remarks, was "only a stuffed nursery tiger", "the most amiable of old men" (p. 27). Asquith concealed his "capricious petulance" under "a ponderous manner and a portentous phraseology" (p. 38). Joffre nearly lost the war by mistakes in the first five weeks (p. 99). Cadorna "had never done anything but fail" (p. 101). Generals shrink to petty marionettes before the Captain's clever pen. One general, however, expands. General Bliss "had the goodwill, the industry, the sagacity, the massive bulk and slow movement of an elephant"; he was "a sage and benevolent pachyderm" (pp. 80-81). These, of course,



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are caricatures, but they are entertaining, and they are valuable if corrected by comparison with other "close-ups" of the Great War's great men. The same may be said of the extravagant praises which Captain Wright bestows upon Lloyd George as "a glorious pilot" of invincible courage (p. 132), upon the recently-assassinated Sir Henry Wilson, who had "predicted and prepared for this war all his life" (p. 39), and upon Marshal Foch, simple in habit, pious in spirit, brilliant in debate, matchless in audacity, unerring in judgment, peerless in sheer intellect (p. 79).

Captain Wright's principal thesis is that "we, the Allies, were big and our enemies were small during almost the whole contest", yet the enemy "held out for four years and nearly won" because the Allies were unprepared (Preface). He proves all but the conclusion. By statistics from official military documents he shows that the Allies outnumbered the Germans in 1917; by describing the great battle of St. Quentin he shows how near the Germans came to victory; but the reason for the Allies' poor showing prior to March, 1918, as his own arguments demonstrate, was to be found in personal rivalry, misleading press propaganda and incapable generalship, rather than in unpreparedness. His indictment of the British military leaders is particularly severe. Sir Douglas Haig, the commander-in-chief, was "a knightly figure, with all the bearing and temper of a leader, but on a very low plane of human intelligence, as elderly cavalry men sometimes are" (p. 134). Robertson, Chief of the Imperial General Staff from 1915 to 1918, may have been a "great administrator", but he had a "narrow" mind, obsessed with the single erroneous idea that the war could be won simply by putting more soldiers in the field until the Germans were annihilated by attrition (pp. 31-34). Upon these two men chiefly, but also upon the French commander, General Pétain, Captain Wright puts the heavy blame for refusal to accept unity of command until it was all but too late.

In outline, the story is something like this. In the winter of 1917-1918, after Cadorna had been routed at Caporetto and the Russians had sued for peace, the Allied leaders would have been inconceivably obtuse had they not anticipated a supreme German attack on the Western Front. Foch foresaw it. The British staff at Versailles worked out its details as part of their "war game". In the face of this peril, the Supreme War Council decided to create a strong "General Reserve" or army of maneuver which could be sent to any threatened sector at the discretion of an "Executive War

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Board" over which Foch would preside. When the new War Board called on Haig and Pétain to furnish their quotas to the projected reserve, they privately arranged to substitute a different plan of action; instead of contributing large quotas, they promised each other assistance in case of need. The General Reserve plan was virtually nullified, because neither commander was magnanimous enough to envisage the Western Front as a whole. How tragic was their blunder, events soon proved. Against the weakest sector of Haig's line, against General Gough's Fifth Army, consisting of fourteen divisions, Ludendorff hurled forty German divisions on March 21. The Battle of St. Quentin was on. Before adequate reinforcements could reach the spot, Gough's army was almost annihilated and the Germans were within 13,000 yards of Amiens—and victory. Haig was planning a retreat to the sea; Pétain, a retirement to Paris; while Clemenceau was preparing to move the French government to Bordeaux. Only when utter defeat seemed inevitable did Haig wire Lloyd George to arrange for unity of command. The sequel all the world knows. Foch was made generalissimo on March 26. "You give me a lost battle and you ask me to win it", he said to Clemenceau (p. 143). But he did win it.

A thirty-page appendix is devoted to proof that General (now Field Marshal) Sir William Robertson conspired with that brilliantly indiscreet military correspondent, Colonel Repington, to overthrow the Lloyd George Cabinet; Robertson, the author strives to demonstrate, was guilty of revealing to Repington the secret plans of the Supreme War Council for the campaigns of 1918. Even after Repington published these plans in the *Morning Post,* February 11, and was fined by the Bow Street Court, Robertson remained on friendly terms with him. The evidence is drawn largely from Repington's *Diaries* and is circumstantial rather than direct. One thing, however, is very clear, that Robertson as Chief of Staff systematically used Repington as a press agent. In this connection, attention should be called to Captain Wright's truly remarkable discussion of the dangerous rôle of General Staffs in time of war (pp. 97-106); with prestige inflated by the praises of a censored press, with power to override the policies of civilian premiers, a General Staff may be almost as dangerous as it is necessary in war.

Most of the author's statements are either supported by citation of documents or presented as first-hand observations. In a few cases the citations are inadequate; for example, the abstracts from General Gough's diary given in an appendix are not sufficient to support

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the author's contentions. There are a number of typographical errors and minor slips of the pen. In any new edition, the statement that America "registered 25 million men as capable of military service" (p. 57) should certainly be corrected.

PARKER THOMAS MOON

COLUMBIA UNIVERSITY

*The Labor Movement: Its Conservative Functions and Social Consequences.* By FRANK TANNENBAUM. New York, G. P. Putnam's Sons, 1921.—xviii, 259 pp.

Mr. Tannenbaum has had an interesting career. For some years he was one of the leaders of the I. W. W., at a time when that organization was staging picturesque strikes in various parts of the country, and it was believed by many that it was likely to replace the American Federation of Labor as the central organization of American trade-unionism. More recently the author has been following the less exciting life of a student at Columbia University. The present book is evidence that he has made good use of this period of study, for it may fairly be said that it is the best exposition of the views of the group of writers who have urged the importance of other than purely economic motives as the basis of the labor movement. No other book synthesizes so well the views of Professor Dewey, the late Carleton Parker, and Miss Marot. Whether the philosophy of these writers is likely to replace the older and at present more accredited philosophy is still a question, but it is a distinct contribution to the literature to have brought the newer philosophy into systematic form.

The indictment which Mr. Tannenbaum brings against the present system of industrial organization contains two counts: first, that the laborer is insecure in his position; second, that he is a victim of the machine process. The figures for unemployment, turn-over and ownership of homes are effectively arrayed in support of the first allegation, and the alleged psychological effects of the machine on the worker in support of the second. The combined result of insecurity and work at the machine is to bring the worker to an abnormal psychological state, of which the trade union is one of the chief manifestations. The old-fashioned writers on trade-unionism explained the trade-union movement as a rational attempt on the part of labor to secure chiefly more wages and shorter hours. But to Mr. Tannenbaum the trade union is primarily a psychological phenomenon and only secondarily an instrument of social reconstruc-

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tion. Indeed, the labor movement is important in that it provides "an emotional outlet", superior to a "Billy Sunday meeting" or a "Holy-Roller dissipation". "It is here that the labor movement *per se* becomes most significant." The remedy for this state of things is to be found ultimately in the replacement of the present autocratic control of industry by control of the group. The worker would thus secure a rational outlet for his energies. The rest of the book is devoted chiefly to sketching a form of industrial government in which the workers would control.

The real issue between the writer and the older school of economists lies in the question whether the labor movement is a conscious and deliberate attempt to better the conditions of labor by equalizing bargaining power, or whether it is an attempt on the part of labor to "express" itself—ultimately by the control of industry. I suspect that the answer to that question would be different in different industries and at different stages in the development of particular unions. If Grand Chief Stone, of the Locomotive Engineers, or President Valentine, of the Molders, were asked for an opinion, he would probably be in favor of the former view. If President Hillman, of the Garment Workers, had been asked the same question some years since, I conjecture that he would have favored the latter. But I am not so sure that he holds now to the "psychological" theory, for the Clothing Workers have risen in the trade-union world. There are doubtless some newly-formed unions, not to mention many unorganized workers, for which Mr. Tannenbaum's theory contains large elements of truth.

It is a curious fact that Mr. Tannenbaum's previous incarnation as an active trade-union leader seems to have left little impression on his book. One would have expected at least confirmatory illustrations and discriminations drawn from experience, but as the book stands it might very well have been written by any capable undergraduate who had devoted himself to the study of the newer philosophy through lectures and books. This is not, however, a new phenomenon in the history of labor literature. The student who goes to the books by trade-unionists to find insight into the labor movement is always disappointed. What he does find is, as in this case, a digest of the doctrines of the schools. John Mitchell's book, for example, was a digest of a different set of doctrines, but after all a digest.

GEORGE E. BARNETT

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*America and the Balance Sheet of Europe.* By JOHN F. BASS and HAROLD G. MOULTON. New York, The Ronald Press Company, 1921.—vii, 361 pp.

The reading of this book leaves one's emotions in about the same state as would attendance upon an autopsy. With a ruthlessness that is quite overwhelming the authors dissect the European situation and lay bare one cankerous sore after another. Behind the dislocation of the foreign exchanges lie unbalanced budgets, inflation of the paper currency, stupid interference with the normal movement of trade, depression and unemployment. The German reparations arrangements constitute an economic monstrosity, because they attempt to prescribe the impossible. Moreover, they are fundamentally insincere because none of the Allies really wants to be paid in the only way that Germany or any other nation can make foreign payments, namely, in the products of her industry. The result is that Europe is on a toboggan and is heading directly toward economic and social disintegration. The reports that are published in the American press to the effect that Europe is recovering are both stupid and false, and the authors have no difficulty in proving them to be so. We devour such reports and believe them only because we resent having our own comfort and peace of mind disturbed. While, as the authors put it, we might leave Europe to "stew in its own juice", the effect upon America would be much more serious than mere violence to her olfactory sensibilities. Widespread readjustment would be necessary here, and this would inevitably be accompanied by heavy capital losses and unemployment. The whole world is closely integrated economically, and failure to realize this and to act accordingly is perhaps the chief stumbling-block to recovery. Europe, certainly, is an economic unit and its sole hope now lies in envisaging its problem from that point of view. The remedies thus far proposed, namely additional credits by America and the stabilization of the exchanges, are inadequate or futile. They deal merely with symptoms, or they tend simply to palliate, if not in some cases to aggravate, the real difficulties. What is needed, according to our authors, is a broad and comprehensive reconstruction program. The elements of this program are: increase of domestic production, a balancing of international trade, the restoration of the gold standard, and a balancing of national budgets. Toward this end Europe must reduce reparation demands and cancel inter-European war debts; tariff and trade barriers must be eliminated

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and governmental support of national export combinations must be withdrawn in the interest of free trade; paper circulation and domestic bonds must be greatly reduced and in some cases simply repudiated; and, lastly, governmental expenditures must be brought within the possibilities of income. What the United States must do is summed up by our authors as follows: cancel Allied debts to the United States government; lower our tariff duties; contribute a portion of our large gold stock to assist the restoration of the gold standard in Europe; make some additional loans but purely for purposes of reconstruction; and, finally, reduce armaments. Our authors recognize that this is a formidable program and they confess that only through an extensive campaign of education is there any hope of its realization.

Further details are, perhaps, unnecessary. The book is written with admirable clearness and great force of style. Indeed, a little less warmth and positiveness of assertion might have added to its strength. It is well arranged and excellently printed. There are a number of small errors that should have been caught in the proof-reading but they are not of serious consequence. No economic student would cavil at either the authors' analysis or their remedies. The reviewer inclines to the belief that the authors have not allowed sufficiently for the resiliency of human nature in the uniform pessimism of their analysis, but the purpose of the book was to arouse and to educate American opinion, and it may be that some overstatement was considered desirable from this point of view.

E. E. AGGER

COLUMBIA UNIVERSITY

*The Russian Bolshevik Revolution.* By EDWARD ALSWORTH ROSS. New York, The Century Company, 1921.—xvi, 302 pp.

This volume is offered, not as a partial sketch or a personal narrative, nor yet as a general history of the Russian revolution, but as an account of the developments which took place in Russia between the beginning of "the revolutionary honeymoon" in March, 1917, and the dissolution of the Constituent Assembly by the Bolsheviks in January, 1918. As a matter of fact, the Russian revolution did not begin in 1917, or in 1905, or in 1860, or, for that matter, in 1825. It was the outcome of many beginnings, and the result of many causes, each of which had produced, over and over again, results very similar in quality to those which appeared in quantity in 1917. It would be undeniably difficult to produce in a brief intro-

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duction this effect of qualitative continuity and quantitative cumulation; but where such an introduction is lacking, as it is in the present instance, the reader who is unacquainted with the previous history of the revolutionary movement can hardly see the events of 1917 in their proper perspective.

Continuity of development does not, however, imply a transverse unity in the movement as a whole. Indeed the troubles between the masses and the classes have quite as long a history as the direct revolt against the government, which was carried on largely by members of the old landed aristocracy, the professional and propertied bourgeoisie, and the much-discussed but ill-defined group or class known as the intelligentsia. Still, the most striking aspect of the revolutionary movement before March, 1917, was a kind of negative unity, which was presently succeeded by a positive diversity. If one brings one's study to a close with the establishment of the Provisional Government, one is likely to exaggerate the unity of the movement, and to attribute undue importance to such general factors as political oppression on the one hand, and political agitation and rebellion on the other. In the present instance, the author tends rather to take the unifying forces for granted, and to search the past only for those special grievances which explain the onslaught of the "have-not's" upon the "have's".

There may be a grave question as to the wisdom of this refusal to accept a larger responsibility for the earlier history of the revolutionary movement, and for the inception of the political revolt in 1917; but once the initial stage is passed, the reviewer finds Professor Ross's account the best he has yet seen. The author makes it quite clear that while the period from March to November, 1917, is a period of liberalism and moderate socialism in the history of the government, it is emphatically not so in the history of the masses He regards the confiscation of the landed estates, the establishment of workers' control in the factories, and the withdrawal of Russia from the war as in large part the results of local and spontaneous movements which were far advanced before the Bolsheviki made their bid for power. This theory is not simply added as an afterthought; it is embodied in the actual structure of the history, which thus reflects the structure of the events themselves. The decomposition of the army and the risings of the peasants and the industrial workers against their economic masters are not treated as emanations or adjuncts of political developments at Petrograd, but are given a distinct and separate accounting.

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This seems right and proper; but the implications of the method are not fully realized and accepted. If the local movements against the landlords and the industrial magnates were actually beyond the control of the political power, these local movements may themselves have controlled, indirectly and incidentally, the changes in the political system; at any rate the extra-political activities of the peasants and the proletarians would seem to be deserving of at least as much attention as the history of the government. It is hardly possible to exaggerate the importance of the village commune in the life of the peasant before the revolution; yet the part which this institution played in the developments of 1917 is hardly more than mentioned. Hence it would seem that when Professor Ross apportions so much space to politics in Petrograd, he departs somewhat, in practice, from his own theory of revolutionary decentralization.

A natural corollary of this theory of decentralization is the theory of inevitability. In his preface, the author says: "As I now see it, most of the developments of the eight months between the March Revolution and the November Revolution were not caused by leaders but were inevitable, given the background of experience of the Russian common people." Later, however, he says that, "if in July, 1917, the Allies had issued the declaration of war aims which they permitted President Wilson to make on January 8, 1918, it is possible that Russia might have stayed with the Allies." This certainly puts the blame for "the Bolshevik betrayal" on the other foot; and yet it is hard to see how any action on the part of the Allies could have prevented the collapse of the Russian army, when the revolutionary seizures by the peasants and the workers were proceeding quite independently of all political and military considerations. With civil war already assured by these confiscations, would the propertied officers and the peasant- and worker-soldiers have fought the Germans for the Fourteen Points, or would they have fought one another for the farms and factories of Russia?

At the very end of the volume, the author departs once more from the theory of inevitability. After pointing out the fact that the Social Revolutionary majority and the Bolshevik minority in the Constituent Assembly differed only in respect to their attitude toward workers' control in the factories, and toward the "world-revolution", Professor Ross says that if the Assembly "had not been brutally violated, there is every reason to believe that Russia would soon have made wonderful strides in democracy and well-being. Wanting this sovereign moral authority, Russia became the

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battleground for international socialists who cared more to bring on the world revolution than to benefit her common people, and international capitalists who cared more to vindicate the property rights of the bourgeoisie than to benefit her common people."

This statement seems to imply that in the absence of Bolshevik interference, the Constituent Assembly might have remained in control, and intervention might perhaps have been averted. The answer is that on the showing of the author himself, the seizure of the factories was already about as well advanced as the seizure of the estates; no Government that *disapproved* either seizure could very well have held out against the spontaneous and extra-political movement of the Russian masses; and in all probability, no Government that *approved* either seizure could have kept peace with the international capitalists to whom the author refers.

However, when a book upon a highly controversial subject is in general so fair and forthright, so well informed, and so ably organized as this one, such exceptions as have been taken here are of secondary importance. The impressive fact, the fact worth remembering, is that after several years of journalism and impressionism, personalia, propaganda and piffle, a competent and, upon the whole, a successful attempt has at last been made to bring the Russian revolution within the field of history.

GEROID TANQUARY ROBINSON

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*New Viewpoints in American History.* By ARTHUR MEIER SCHLESINGER. New York. The Macmillan Company, 1922.—x, 299 pp.

American historiography is richly furnished with treatises on political philosophy and constitutional theory from the days of John Adams and Thomas Jefferson down. In the field of detailed narrative, too, the names of a score of writers from H. L. Osgood and Henry Adams to James Ford Rhodes and E. P. Oberholtzer witness to the excellence and fullness of the treatment of every period of our history. But in one form of historical writing we have been sadly deficient. The interpretative essay, dealing in suggestive summary with persistent influences or with changing ideals through successive generations, has found few authors in our country to set beside the names of the Guizots, the Actons and the Freytags of Europe. Yet this distillation of the facts of history, this interpretation and popu-

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larization of chronicle, statute and usage, is obviously the most useful, and, indeed, ultimately, the only useful function of historical writing.

Professor Schlesinger has made a valuable contribution to the interpretation of American history in the volume before us. It consists of twelve essays on a variety of topics ranging from such familiar subjects as "The American Revolution" and "The Significance of the Jacksonian Democracy" to unusual titles like "The Decline of Aristocracy in America" and "The Rôle of Women in American History". The object of the book, as the author modestly says in the preface, is "to bring together and summarize in non-technical language some of the results of the researches of the present era of historical study, and to show their importance to a proper understanding of American history". All serious students of our history realize the obligation to revise traditional opinions and reconsider accepted valuations which have been placed upon them by the work of specialists in the last twenty years or so—men like Beer and Andrews in the field of our colonial relations with the mother country; men like Beard and McLaughlin in the interpretation of the Constitution; men like Turner, Thwaites and Alvord in the vindication of the influence of the West in our history. The results of their researches have been appearing in increasing measure in our textbooks. But Professor Schlesinger is the first writer to attempt to synthesize the new points of view in a popular restatement of the most significant epochs of our history from colonial days to the present.

In this difficult task Professor Schlesinger has been remarkably successful. Not only does his book fulfil the most exigent requirements of a "popular" work in its sustained hold on the reader, its admirable style, its skilful use of analogy and allusion; but it satisfies the demand of the scholar as well. The author moves with ease and confidence amidst a great mass of fact and hypothesis, provoking the dissent or misgiving of the critic only on the rarest occasions. Not the least valuable feature of the book is the addition of discriminating notes at the end of the chapters, which not only furnish the "documentation" for the author's views, but also, in welcome contrast to most perfunctory "bibliographies", really tell the reader what books he should read and make him want to read them.

Two or three of the essays deal with a special crisis at a given moment in American history, like the American Revolution and the period of the formation of the Constitution; but the general plan of

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the author is to trace some important topic like immigration, radicalism, the rôle of women, the party spirit, or the doctrine of states rights through the whole course of our history, showing its protean changes under different political, social or economic conditions, and estimating its significance for our history in general. It would be impossible, within the limits of this review, to give any analysis of these clever summaries. Among the best of them are the chapters dealing with the economic forces in American history (II), the decline of aristocracy in America (IV), radicalism and conservatism (V), and the "Fetish" of states rights (X). Often the author has condensed into a single striking sentence the gist of a chapter. What could be happier, for example, than: "By joining in political wedlock the two principles of protection and national internal improvements, he [Clay] hoped to bind the Northeast and the West in a political alliance solidified by the consciousness of mutual economic advantage" (p. 64); or "Like Rostand's *Chantecler,* his [Jackson's] crowing did not summon the sun of a new dawn, but his voice rang out in clarion tones when the morning light was breaking" (p. 218); or "The group advocating states rights in any period have sought its shelter in much the same spirit that a Western pioneer seeks his storm-cellar when a tornado is raging" (p. 243).

There are, naturally, a few points on which a critic would take issue with Professor Schlesinger. He gives the dates of the "Middle Period" of American history as 1800-1860 (p. 58); he puts the general level of the tariff act of 1828 too high (p. 65); he spells the treaty of 1848 with Mexico "Guadaloupe Hidalgo" (p. 67); he speaks of Jefferson and his friends "introducing a more democratic spirit into the system provided for electing the president, by seeing to it that the presidential electors merely registered the will of the voters" (p. 85); he speaks of "the abolition of child labor" as an accomplished reform! (p. 113); he narrows the industrial revolution in England to "merely a revolution in manufacturing processes" in contrast to the wider revolution in agriculture and transportation in the United States (p. 249); ignoring the Greenback movement, he calls the free silver campaign "the first stentorian demand for a consideration of homely and purely human interests in national politics" (p. 279). There are a few infelicities of expression also, which are perhaps the more noticeable in a book of exceptional excellence of form. By a curious inadvertence the author sums up "unaccustomed tax burdens, the loss of trading profits, and limitations of self-government" as "advantages that

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were none the less precious because derived from an unwritten and unsanctioned constitution" (p. 164). He speaks of South Carolina as "a different quarter of the Union" from Georgia (p. 228), and he excludes Missouri, Kentucky, Maryland and Delaware from the "solid South" (p. 276). "The Hudson-Mohawk river system of *western* New York" (p. 32) is obviously a slip of the pen.

In the reviewer's opinion, it would be impossible to name a book of greater usefulness and suggestion to the advanced student of American history, or of more solid information in attractive form to the general educated reader who is interested to know the latest results of scholarly research in the field of American history, than these illuminating essays of Professor Schlesinger's. They will bear reading and re-reading before either the charm of their presentation or the profit of their contents is exhausted.

DAVID SAVILLE MUZZEY

*Insurance Against Unemployment.* By JOSEPH L. COHEN. London, P. S. King and Son, Ltd., 1921.—536 pp.

Mr. Cohen has prepared a useful survey and a just estimate of the various plans of unemployment insurance. A description of the Ghent System as exhibited in its various forms in Belgium, France, Norway, Holland, Denmark and Germany shows the inadequacy of a system based on the voluntary principle. The bulk of the volume is given to the British system, as the first large scheme of compulsory insurance; the author shows that it introduces some factors that tend to increase the amount of unemployment, and others which tend to diminish it. The former consist in weakening the motive of employers to furnish steady work, because of the knowledge that the workman has an insurance fund to fall back upon (p. 297). The latter consist in the weeding-out of unemployables, the motivation of all parties to the wage contract to reduce unemployment, the regularization of wages, the experimentation that has been induced on the part of employers towards regularization, and the considerable reduction in numbers of inmates of poor-houses. Very detailed accounts and valuable comments are furnished on the actual working of the system in all its ramifications. Some of the experiments of leading employers are recited. The Italian and Austrian imitations, in 1920, of the British plan are briefly described. It is concluded that in Great Britain the scheme has been the greatest bulwark against revolution, and its withdrawal could not be attempted without precipitating a crisis (p. 246).

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Several pages are given to the unemployment problem in the United States, and the book closes with a detailed account of the Massachusetts Bill introduced in 1916, in the drafting of which Mr. Cohen participated. The text of the Massachusetts bill is given in full, as well as that of the first "special scheme" drafted by the British Minister of Labour in 1921 under Unemployment Insurance Act, which contained a provision permitting experimentation. The Wisconsin scheme, proposed in 1921, which differs fundamentally from the others in that the burden is placed solely on employers instead of employers, employees and the state, is briefly described.

Mr. Cohen does not mention the significant change in the Danish law in 1920, which took the administration of the law out of the hands of the labor unions. Nor does he make sufficient use of the decisions of the umpire under the British Act, which show, better than anything else, the actual working of that law. In fact, an exhaustive digest of these decisions, covering now a period of ten years, is one of the most-needed pieces of work for a full understanding of the problems of unemployment insurance.

JOHN R. COMMONS

UNIVERSITY OF WISCONSIN

*The Story of the Irish Nation.* By FRANCIS HACKETT. New York, The Century Company, 1922.—402 pp.

Although this particular book gives evidence of wide reading on the part of its author, and is much more free from errors of fact than such books are wont to be, it is avowedly a vivid "interpretation" of Ireland's history, rather than its sober record. It is, perhaps, one of the best of a rapidly growing class of books that mark the rediscovery of history by novelists and dramatists. Such books are not intended to serve as texts for students, but as sources of background for the general reader's grasp of matters of current interest. They are not subject to the application of the rules of historical criticism, and nobody — least of all their authors—expects them to be assayed for exaggeration, debatable chronology, trustworthiness of sources or like matters within the purview of the pedestrian compiler or sifter of historical record. To be sure, all works in this class, good, bad and indifferent, have to be taken into account by the student of the history of ideas, and of historiography, to whom even their inexpert use of historical apparatus and their subjective

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intrusion of their authors' likes and dislikes must be of interest. The substantial interest in books of this character lies in the interpretation, to which they subordinate all else; and only on the interpretation can they be appraised.

Mr. Hackett's interpretation of the history of Ireland is interesting. Very briefly—and colorlessly—summarized, it runs somewhat as follows. Pre-Christian Ireland already possessed most of the elements which it later developed after the conversion to Christianity. The rapid success of St. Patrick and his followers is attributable in part to the tact and conservatism of the missionaries, and in part to the lack of a central government. The need for the latter was not recognized until centuries after the Norman invasion of Ireland. The four centuries which followed the invasion witnessed the futile effort of the Norman and Norman-Irish lords, and the agents of the Crown, to subjugate the Irish by castle-building, the implantation of feudal law and practice, and the sharp maintenance of racial lines. Then the British Crown, having worsted the feudal nobility in England, thrust it aside in Ireland, and began by legislation, religious persecution and corruption, the process of breaking down the spirit of national resistance which the Norman squatters had not only failed to overcome, but had even made their own. This process varied in emphasis, intensity and even, to some extent, in object, according to the vicissitudes of English politics. The Stuart and Commonwealth Century left Ireland desolate. "Night at last descends. It is a night of such blackness, cold and horror that it reminds one only of a no-man's-land in which two bands of crouching men are at work in the blackness; one to kill the wounded, the other to rob the dead." Confiscation of property, economic servitude, political, social and religious persecution, denial of educational facilities, merciless and instant repression by law of industrial beginnings—these were the characteristics of British policy towards Ireland.

The movements of Wolfe Tone and Lord Edward Fitzgerald represent the revivification of the national spirit, while Grattan and O'Connell merely seek amelioration of the material troubles of the Irish, whom they regard as having "one common citizenship" with England. The constitutional movement bade fair to accomplish little under the "lymphatic leadership" of Butt, but Parnell was a genuine and creative national leader. After him again, the leaders were absorbed in the political life of England, and satisfied to improve economic and educational conditions in Ireland, and secure local

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autonomy and Home Rule. But again the pendulum was given a mighty swing, this time by the men of letters, who revived the language, and the study of the literature, history and antiquities of Ireland. The spirit of Ireland has been awakened, and no artifice of partition can long prevent the articulate expression by her united people of their determination to live their own national life. Greater progress towards the achievement of the recovery of Ireland and the ending of alien misrule has been made in the generation since the literary revival began than at any time since the Normans first entered Ireland.

Mr. Hackett writes with sustained brilliancy and great compactness of expression. Some of his word-pictures are likely to leave a lasting impression on the reader. His characterizations of Cromwell, Pitt and Gladstone are penetrating and essentially correct, while he has grasped the trend and significance of Parnell's policy as few who have written of him. Not unnaturally, Mr. Hackett ascribes much to the movements among men of letters and the stage. He is fond of hinting at the importance of the Nordic element, the "cool military blond type", in Irish history. The hypocritical Lecky gets his desserts whenever he comes within reach of Mr. Hackett's scorn. To O'Connell he is unjust. There is an occasional touch of superciliousness that repels the professional student of history; but the latter, after all, has to put up with a good deal in these days of the "new history".

C. E. McGUIRE

WASHINGTON, D. C.

*The Settlement of Wage Disputes.* By HERBERT FEIS. New York, The Macmillan Company, 1921.—xv, 289 pp.

The long-time student of the industrial conflict will be less disposed to doubt the wisdom of Mr. Feis's proposals than to reflect wistfully as to the accompanying condition of social intelligence which their adoption presupposes. Mr. Feis's theoretical scheme for the settlement of wage disputes involves, in the first place, the wholesale adoption of collective bargaining between organized employers and organized workers, who shall both consent to the reference of all unsettled differences to a legally created court. Wage agreements both in conference and in arbitration are to be based upon the principles of a living wage for the least skilled, standardization of rates in trades and occupations requiring similar skill with differentials in rates based on a classification of work, upon adjustments

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in money wages to meet price fluctuations, upon an addition to wages made out of a profit fund of all industry when that is found to exceed a given per cent by the use of a specially constructed index number.

This brief résumé shows a proposal which draws freely on the best experience of one or another of the industrial countries and adds only one or two features which are unique and untried. It is only when we place the requirements of this presumably desirable program alongside the actual conditions of American industrial opinion and procedure, that we realize that industrial peace, if this be its price, will not soon be bought nor even taken as a gift in these United States. Assenting in general, however, to the generous objectives which Mr. Feis has in view, the reviewer cannot refrain from comment on some of the proposals as he has treated them. Regarding the payment of a living wage, for example, Mr. Feis seems, for an economist, to be much too casual about the present ability of the national income to stand the payments which a literal adherence to this policy would require. Is the national income large enough to enable payment of a living wage while at the same time providing adequate capital for necessary replacement and extension of manufacturing equipment? With the figures of Professor Friday and of the National Bureau of Economic Research available to him, Mr. Feis did not need to ignore this real problem. Nor is there in this connection sufficient recognition that aggressive efforts in many industries to secure a real living wage would probably require a price increase which would further complicate the problem, as well as destroy the "normal" relationships of wage payments existing in the present wage structure.

The proposal which will evoke most active comment is the one which presumes that "wages could be adjusted according as profits in industry as a whole exceeded, approximated, or fell below the profits level that is taken to mark just and sound distribution of the product of industry." If we assume for purposes of discussion that this plan is desirable, it becomes necessary to meet several practical difficulties, which Mr. Feis enumerates but hardly answers convincingly.

First comes the need for agreement upon a basis of capitalization and of valuation. Second comes the practical difficulty of really installing uniform accounting methods. Third, is the price problem and the need for a periodic readjustment of prices in the light of the volume of profits. Surely by the time that agreement can be reached

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upon these questions and practical expedients for giving them effect can be set up, we should be well on the way to a more stabilized industrial life. But as to the first difficulty, accountants and economists are still at loggerheads; as to the second, every trade association knows the obstacles faced by efforts to install uniform cost systems; as to the third, price-determination on any but a "higgling" basis requires the use of statistical reinforcements which manufacturers either do not as yet have or are unwilling to supply. Despite these difficulties, however, an intelligent understanding of what capitalization, unit costs, and prices really include is essential to the operation of an economic order which is to be subject to human control and is running on increasingly scientific principles.

Mr. Feis has written a useful book, provided a useful summary chapter at the end, and well stated some large problems. If he has not always answered the reader's natural questions, he is less to be blamed than the complex character of his problem. The book suffers, however, as any economic treatise would, from the absence of an index.

ORDWAY TEAD

N. Y. SCHOOL OF SOCIAL WORK
NEW YORK CITY

*Esquisse d'une Histoire du Régime Agraire en Europe aux XVIII^e et XIX^e Siècles.* By HENRI SÉE. Paris, Marcel Giard & Co., 1921.—276 pp.

It is more than twenty-five years since Professor Sée published his notable book on the rural classes in England in the Middle Ages. This was followed by a similar volume on the rural classes in mediæval France, another on the rural classes in England after the sixteenth century, and a long list of special studies on particular agrarian topics. To the series has now been added a useful outline of the agrarian history of Europe in general in the eighteenth and nineteenth centuries.

Rather more than half of the new volume is devoted to a description of various principal types of agrarian economy in the period covered. The types selected are those prevailing in France, southwestern Germany, northwestern Germany, England, Ireland, Saxony and Prussia, the Baltic lands, Austria and Russia. This, obviously, covers most of Europe; and some of the systems are, of course, described with much brevity. The treatment, however, is clear and logical, and as a rule the author says a great deal in a limited

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amount of space. The matters chiefly taken up, region by region, are the origins of the modern land system, the prevailing forms of ownership and tenure, the condition of the rural laborers, and the amount and character of regulation by the state. Not much is said that is really new, and one often wishes that the author had permitted himself freer range. Nevertheless for what it purports to be, namely, an outline sketch, the account given is admirable; and it will be of much value to beginners in the field.

The remainder of the book deals with the emancipation of the peasantry in the later eighteenth century and after—in Savoy, France, western Germany, Prussia, the Baltic lands, Austria-Hungary and Russia. So far as western Europe, at all events, is concerned, the motives for liberation are found almost equally in humanitarian considerations and economic necessity. The processes of liberation as they worked themselves out in the several lands are outlined, and the consequences for the peasantry are in each case described; though here again the treatment is sometimes so brief as to contain little or nothing that is new to the well-informed student of the subject. Ample references guide, however, to more elaborate or specialized discussions.

The reader who wants an orderly account, within brief compass, of the whole sweep of modern European agrarian history will find it in this book; the professional student of economic history will need only to check up Professor Sée's views on unsettled and controverted points.

FREDERIC A. OGG

UNIVERSITY OF WISCONSIN

*The House of Commons and Monarchy.* By HILAIRE BELLOC. London, George Allen and Unwin, 1920.—188 pp.

Mr. Belloc sketches his argument in this fashion (pp. 13-14):

The House of Commons, though containing a representative element, was, and is, essentially not a representative body, but an Oligarchy; that is, a small body of men segregated from the mass of the citizens and renewing itself. But no Oligarchy works (that is, can be morally accepted or exercise authority) unless it is an Aristocracy. Mere Oligarchy, the mere rule of a clique without the excuse of an imputed excellence, will never be tolerated among men. The whole meaning of Aristocracy is the provision of a sort of worship addressed to the few that govern. Therefore the House of Commons was vigorous and healthy in its function only so long as it was the aristocratic organ of an aristocratic State. . . . Upon the failure of the aristo-

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cratic quality of the House of Commons, upon the decline of that body into a clique no longer respected, its moral authority disappeared, and, with the moral authority, disappeared its power of government. . . . In seeking an issue we shall find that no external reform, nor any act from within, can restore an organism so far decayed as is the House of Commons today. We shall further find that no subsidiary body, or bodies, such as a Trades Council or other Chambers, can take its *sovereign* place. It must be replaced, and can only be replaced in this Great State by that which is the only alternative to Aristocracy in a Great State, I mean a Monarchy. If some form of Monarchy does not succeed to the lost inheritance of the House of Commons, the State will lose its greatness.

Mr Belloc is an adept in the art of salesmanship. For the moment, while the spell of his fluency lasts, he can make a piece of shoddy goods look extremely attractive. Master of the old scholastic processes, he has no trouble in establishing the most extravagant positions; and in this volume, as in *The Servile State,* though the goods remain unsold in the end, we come perilously near to buying them and entertain not a little admiration for the genius that subdued our critical faculties. But why, one asks, after examining seriously the argument and the supporting facts, why does genius exhaust itself on such futilities? Why does Mr. Belloc so often give the impression that the character of his materials is unimportant to him or even that he prefers to sell shoddy as the medium best calculated to establish his superiority as a salesman?

It would be easy to uncover in this volume false premises, wild exaggerations, and distortions of fact; but criticism must lie chiefly against the lack of broad vision that disfigures the argument. It may quite well be that the House of Commons, once "the most absolute and the strongest prince on earth", is discredited and done for. It may quite well be that monarchy affords the only safe refuge. But the author, treating his problem as a purely local English problem, has overlooked the facts which in America or France or Italy, indeed throughout the Western world, might well have made his investigation something more than an exercise in dialectics. The decay of representative assemblies is a universal phenomenon; indeed the House of Commons, because of its subordination to the executive, has betrayed its incompetence less openly than other assemblies. This universal phenomenon cannot be derived from the decline of the aristocratic temper in English society. It has doubtless a complex derivation. But two points emerge above all the subjacent mass of uncertain evidence: since the Industrial

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Revolution law-making has become too specialized, too technical for men of mere average ability and average experience; and, secondly, the social conflict, which dominates the serious thought of the time, has escaped the control of parliaments. Mr. Belloc can see nothing of this sort; and upon the evidence which he adduces we can believe no more in the imminence of monarchy than in the approaching depression of the masses to the servile status of ancient times.

EDWARD MCCHESNEY SAIT

UNIVERSITY OF CALIFORNIA
BERKELEY, CALIFORNIA

*Prácticas Parlamentarias; Las Asambleas Legislativas, Tomo IV, El Uso de la Palabra y la Disciplina.* By VICENTE PARDO SUAREZ. Havana, Bouza y Ca., 1921.—259 pp.

This is the fourth of a series of works on parliamentary practice by the Chief Clerk of the Cuban House of Representatives. The first dealt with the quorum, resolutions, and the three readings of a bill. The second dealt with legislative immunities, organization, and duration of sessions. The third discussed the constitutional attributes of the legislature. The present volume takes up the rules of debate and the power of discipline. It follows the plan of the earlier volumes in presenting a comparative survey of the practice in regard to these matters in the leading countries of the world. In the list of countries considered all the Latin-American Republics are included, with the exception of Nicaragua and Venezuela, and in addition Germany, Austria, Belgium, Spain, France, Hungary, England, Italy, Portugal, Switzerland and the United States of America.

After a summary of provisions governing the rules of debate and the disciplinary power of legislative bodies by countries, the author makes a general summary of the leading features derived from his survey, and follows this by his own conclusions as to the best regulations to be adopted for legislative assemblies with reference to these points. The limited extent of the book necessarily makes for a rather sketchy treatment both of the descriptive and of the constructive portions of the work. Nevertheless, the volume has value and interest to students of political science because of its convenient compilation of parliamentary practice, as well as because of the views of a close and first-hand student of these matters with relation to the principles involved.

HERMAN G. JAMES

UNIVERSITY OF TEXAS

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*Japan and the United States, 1853-1921.* By PAYSON J. TREAT. Boston, Houghton Mifflin Company, 1921.—283 pp.

This interesting and important contribution to the history of American relations with Japan consists chiefly of twelve lectures which were prepared for delivery at four Japanese universities in the autumn of 1921. The lectures are preceded by an introductory chapter, "The Heritage of New Japan", which gives the reader a brief summary of the early history of Japan so necessary to an understanding of the conditions prevailing there at the time of Commodore Perry's visit.

The field of these studies is one which Professor Treat has made his own and which he has cultivated very assiduously. An earlier volume by the same author, *Early Diplomatic Relations between the United States and Japan,* published in 1917, deals very fully with the opening of Japan and our relations with that country during the brief period, 1853-1865. The present volume includes this period in its survey, but gives it fresh treatment as forming but a part, although a very important part, of the whole connected story of American intercourse with the empire. The volume under review, therefore, is much more than a continuation of the one which preceded it. Even where the same events are touched upon, a difference of treatment is discernible, due no doubt to a difference in the origin of the two works; one being prepared for American students in an American university, the other for Japanese students in a Japanese university.

The history of our relations with Japan is one with which every American should be familiar. There is much in it of which we are justly proud, but there are also some incidents in the story that do not reflect credit upon any of the Western Powers that entered into treaty relations with the Shogunate. If it is ever comportable with justice to a weaker state to force upon its government a treaty that deprives it of tariff autonomy, then that negotiated by Townsend Harris with Japan must be admitted to be less objectionable than most of its class. It was much more favorable to Japan than that imposed at an earlier date upon China, since it provided for a maximum duty of thirty-five per cent ad valorem upon certain luxuries, while China was limited to an ad-valorem duty of only five per cent, whether upon necessaries or luxuries. This reasonable tariff arranged by Harris was soon modified, however, much to the injury of Japan, by the selfish demands of certain powers who insisted upon

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the lowest rate for imports into Japan in which their subjects were interested. Thus after a few years all the important articles on the import tariff list were paying but five per cent ad valorem. Moreover, since the ad-valorem duties had been converted into specific, the change in values soon reduced the duty to much less than the five per cent allowed by treaty.

Notwithstanding the provision of the treaties stipulating that the tariff might be revised in 1872, certain powers refused repeatedly to grant Japan's request for such revision unless they were given some *quid pro quo*. It was not until Japan had built up for herself a great military machine and demonstrated her ability to make war that her request for fair treatment in the matter of the tariff and for the abolition of the extraterritorial jurisdiction of foreign states over their nationals in Japan was given consideration. It is not to the credit of the West that it would yield only to military power what was required by simple justice. Professor Treat says truly: "It would have been better if some of the powers had thought a little more of the feelings of a whole people than of the privileges of their own merchants and residents" (p. 133). It is to be hoped that Japan's experience in these matters will dispose her to sympathy with China's request for tariff autonomy. Thus far, however, she has shown less generosity than some other states, in so far as the tariff is concerned, but her delegates at the Washington Conference supported the proposal for a special conference to be called in the near future to consider the whole subject.

Since the lectures were addressed originally to Japanese audiences, one would naturally expect that the most favorable construction would be placed upon the policies and actions of the Japanese Government. Generally speaking this is true; a cordial friendship for Japan is shown on every page, but this does not lead the author to withhold blame in discussing Japan's relations with her neighbor, China. Referring to the Twenty-One Demands, he says:

> In many of these articles Japan showed an appalling lack of sympathy with China. The Chinese opposed strenuously the throwing open of South Manchuria and Eastern Inner Mongolia to Japanese travel and residence, with the right to own land and carry on business, because, as long as extraterritoriality prevailed, intolerable conditions would arise. The Japanese, scattered over the country, would be removed from Chinese control and subject only to their own consuls and their own laws. . . . Now Japan had suffered greatly from the abuse of extraterritoriality by Europeans, but never as grievously as China had. . . . She should have been the last of the powers

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to have forced a great extension of the extraterritoriality problem upon China (p. 213).

In this criticism the author would find much support even in Japan. He says indeed: "It is gratifying to note that in Japan much outspoken criticism of this drastic policy was voiced. At first raised by publicists well informed in Chinese affairs, who realized the heavy price Japan was paying in the loss of Chinese friendship, it gradually gained in strength" (p. 218). He calls attention, too, to the effect of this aggressive policy upon opinion in the United States at the time of the anti-Japanese agitation in California: "It should be said in this connection, that the renewal of the anti-Japanese agitation coincided with the widespread criticism of Japan because of her actions in China, Siberia and Korea" (p. 262).

In some of his lectures, however, Professor Treat shows less disposition to make unfavorable criticism where some would anticipate severe condemnation. Dealing with Japan's violation of China's neutrality during the World War, he says:

> It has frequently been asserted that, in advancing across Chinese territory, the Japanese acted exactly as the Germans did in invading Belgium. But certain differences at once appear. Germany had solemnly promised not only to respect but to protect the neutrality of Belgium. When she demanded that Belgium grant her a right of way, Belgium refused, and to her undying credit risked all she possessed to maintain her neutrality. China, on the other hand, promptly protected herself from later German reprisals by proclaiming a war zone. It was unfortunate that her neutrality should be disregarded, but it was a price she had to pay for having tolerated the presence of a fortified foreign leasehold on her shores (pp. 208, 209).

This seems to be rather lenient treatment for such a serious offense as the violation of China's neutrality. Professor Treat, however, would disclaim, no doubt, any intention to justify that violation on the ground that no express promise had been given to respect China's neutrality, since Japan, as well as other powers, recognizes the obligations imposed by international law. Great Britain carefully avoided such violation when she participated in the attack on Tsingtao, and there was no real military necessity requiring the march across neutral territory. It must not be forgotten that the railway outside the leased territory had never been in the military occupation of Germany, and that it was in fact taken from the Chinese, who were guarding it, and not from the Germans. The author perhaps was not acquainted with the charges made by reputable

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missionaries in Shantung of the cruel treatment of peaceable Chinese peasants by the Japanese military, for he would in that case have seen a similarity to the German treatment of the Belgians. The statement on page 208 that China gave her assent to this invasion of her territory, which is credited there to the Japanese Government, appears to be entirely at variance with the facts as shown by China's repeated protests. Although China in self-defense declared a zone of belligerency, Japan ignored this also, and China several times protested against the transgression of the boundaries of the zone.

There is fortunately pretty reliable evidence that Yuan Shih-kai offered to join in the attack upon Tsingtao, but was not permitted to do so. At the time of the declaration of war China was negotiating with Germany for the return of the leased territory to her. The United States at the same time was urging the neutralization of the Far East, which Great Britain and Germany were disposed to allow, but Japan, apparently afraid that her chance of getting Kiaochow would be lost, prevented the accomplishment of either project by her ultimatum to Germany. When it became evident that war was to be made on Tsingtao, it appears from statements of persons in the confidence of the Chinese cabinet ministers that President Yuan then offered to join in the attack, but yielded to pressure of Japan's ally to abstain, lest Japan should be thwarted in her designs. The reason for Japan's unwillingness to have China enter the war on the side of the Allies was not her opposition to Yuan's imperial ambitions, but, as stated by a distinguished Japanese, her unwillingness to see four hundred million Chinese arm for war. In the end Japan yielded to the requests of her Allies because she was able to enter into a secret military alliance with the military party in China, which would place China's forces outside China, that is to say, in Siberia, under Japanese command.

In this connection it is not unfair to Japan to call attention to the bargain made by Japan with her Allies in return for the assistance which they needed against the undersea boat menace in the Mediterranean. The author says (p. 220): "Japan had been unwilling to have China enter the war unless her claims to the German rights were guaranteed by her allies." The rights to which reference is made were those formerly belonging to Germany in Shantung and in the islands north of the equator. In the exchanges of notes, to which the author refers, the promise to support Japan's claims at the peace conference was conditioned upon Japan's promise to support the claims of Great Britain to the islands south of the equator

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formerly belonging to Germany, and, in the case of France, Japan's promise to assent to China's entrance into the war. But at the meeting of the Council in Paris at which the Shantung question was discussed, when President Wilson urged the claims of China, Lloyd George stated that the British promise of support for Japan's claims had been given in return for assistance against German submarines in the Mediterranean.

A very just and dispassionate review of the immigration question and the anti-Japanese agitation in California is given in the closing chapter. Emphasis is very properly laid upon the duty of the United States to afford the Japanese who are in our country every treaty right and constitutional guarantee. The author well says:

> The Japanese question in California, and in other Western states, consists of two elements, which should not be confused. One is the question of immigration, the other is the treatment of Japanese who are lawfully resident in the United States. The restriction of Oriental immigration is an American policy, as the Chinese exclusion laws, the General Immigration Act of 1917, and the Gentlemen's Agreement with Japan, all testify. The policy is a wise one, and is so considered by thoughtful Japanese and Chinese. But it should be carried out in a way which should give the least offense (p. 263).

The author writes in a clear and attractive style, and the value of the book is increased by an excellent index.

E. T. WILLIAMS

UNIVERSITY OF CALIFORNIA

*The Maritime History of Massachusetts, 1783-1860.* By SAMUEL ELIOT MORISON. Boston and New York, Houghton Mifflin Company, 1921.—xviii, 401 pp.

Mr. S. E. Morison has written the epic of the American sail. His chapters, which he might have labelled cantos, set forth in glowing phrase the grim necessity and hesitant beginnings of seafaring in the old Bay Colony; the Caribbean and the Guinea trade carried forward under the British ensign but without too much attention to the law; the adventure to the rich seal pastures of the far northwest and then to China, leading to a profitable three-cornered commerce; the harvest of the East Indies and the South Sea Isles; the fortunes of the merchants trading to all ports, the fishermen, the whalers, the argonauts; the magnificent climax of the clipper ship floating superbly through the pages; and then swift decline and decay. Good robust prose, it is true, and not dactyllic hexameters, is the vehicle

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of the history, but oftentimes the author's style is so enriched with picture, so packed and concentrated in summary expression, that it suggests the imagery and the strict economy of words that are usual to poetry. What the New England poets never undertook has fallen to the historian. Let it not be supposed, however, from this comparison that the treatment is "impressionistic", that is, made up of reactions, judgments and fair round generalizations, without the data of details. While the author has eschewed the footnote, so precious to the scholar, there is evidence on every page, even to the slightly practiced eye, of the patient searchings that made possible this easy-flowing narrative. The local color is kept bright by constant touches of fact.

The story, which really begins in 1783, rests upon a scaffolding, light but firm, of geographical description and a summary of the colonial development. He asserts, though it seems more hypothesis than proof, that the racial simplicity of old Massachusetts has been exaggerated, and makes the point that in the time and region of his study there was not much more equality among mankind than there is now. "Seaboard Massachusetts has never known such a thing as a social democracy; and in seaboard Massachusetts, as elsewhere, inequalities of wealth have made political democracy a sham" (p. 23). He states that the Revolution was financed and in part led by wealthy merchants.

They lost heavily despite their privateering and after the war passed through years of depression embittered by the hatred of east and west. "But maritime Massachusetts controlled the government, by the simple device of apportioning the state senate according to taxable wealth. Every effort of the representatives to relieve the farmers died in the upper house" (p. 36). The Pacific trade practically pioneered by the *Columbia,* soon rebuilt prosperity, increased by harpoon and net in waters far and near, and by neutral commerce. And that the handsome fortunes washed up by the sea made great gentlemen is well evidenced in stately houses planned by McIntyre and by Bullfinch.

But in his enthusiasm for the intelligence and enterprise that won such noble compensation for the owners and the skippers, Dr. Morison does not overlook the man before the mast. Nearly all the captains came up through the forecastle and one might gain the impression that equality of opportunity made the sailor's life attractive, especially since "The Massachusetts merchant marine was commanded for the most part by men of high character and education"

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(p. 260); yet in the previous paragraph the author says, "Seafaring, at best, was a dangerous calling, and often rendered unbearable by the brutality of master or mate", and in another chapter he sets forth the cruelties, the cheating, and the systematic exploitation practised on the sailors who had been crimped or shanghaied at the start. By such treatment the native element was finally driven off and the splendid clipper ships of the fifties were manned by alien wanderers, the proletariat of the seas, virtually made peons. "The days were long past when Massachusetts boys had to choose between farming at home and seafaring abroad. In 1850 the workshops of New England needed men, and the great West was calling" (p. 357).

There is a brisk and roaring chapter on the voyages to California, when the gold-fever drained Nantucket of one-quarter of its voting population, and when hundreds of uninformed companies set out, though "within three weeks of landing on California soil, every emigrant company dissolved into its separate individual elements. For a treasure-seeking enterprise like that of '49, in a setting of pioneer individualism", playfully observes the author (p. 336), "communism was about as well suited as to the New York stock exchange or the Supreme Council of the League of Nations". The Mediterranean and the Baltic commerce, and the ice trade to the Orient, are chronicled, and finally comes the era of the clipper, the most magnificent sailing ship the world has ever seen—and too costly to succeed.

The author is artist from the first page to the last. Let a single instance stand as illustration: "It took strength, skill, and courage to furl topsails on a great clipper ship, with its masts and eighty-foot yards bending like a whalebone in a River Plate *pampero,* great blocks beating about like flails, and the No. 0 Lowell duck sails slatting with enough force to crush a man's ribs" (p. 354). To analyze the power in such description would be worthy of a first-rate critic. But it is a wise book as well as brilliant, for the author makes clear such matters as how the shippers gained from Hamilton's system, how fisheries failed as a school for seamen, how the reciprocity treaty of 1854 with Canada helped manufacturing as well as commerce and why the clipper ship was bound to fail. On a canvas far more extensive than that of his *Harrison Gray Otis,* Dr. Morison has done a picture with the same vigor and skill and humanity.

DIXON RYAN FOX

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*The Case of Korea.* By HENRY CHUNG. New York and London, Fleming H. Revell Company, 1921.—365 pp.

Since the entry of China into the World War there has been manifested in the United States an ever-increasing interest in the affairs of the Far East. The Conferences at Paris and Washington further stimulated this interest and the usual flood of books interpretative of the Orient have come upon the market. Few of them, however, have dealt with Korea, except incidentally. Dr. Chung's study is, therefore, doubly welcome. When Japan entered the World War, and later appeared at the Conferences at Paris and Washington, the world was regaled with her usual expressions of sympathy for China. But many students who were acquainted with Japanese *Realpolitik* in the Far East had their misgivings. From 1876 to 1910 Japanese policy in Korea was a masterpiece of deceit and disingenuousness. Her designs in the Hermit Kingdom were clearly perceived by Commodore Shufeldt as early as 1882, and the treaty concluded in that year between the United States and Korea was vainly intended by the American commodore to serve as a bulwark against all assaults upon Korean independence and integrity. In 1895, 1898, 1902, 1904, 1905 and 1909 Japan solemnly promised to respect the independence and integrity of Korea, but in 1910 these treaty obligations were conveniently regarded as mere "scraps of paper", and Korea was formally annexed.

Dr. Chung's introductory chapter briefly adverts to this calendar of broken promises on the part of Japan, but the main thesis of *The Case of Korea* is Japanese maladministration in Korea since 1910. Shortly after the annexation of Korea to Japan the Japanese officials in Korea began the publication of an *Annual Report on Reforms and Progress in Chosen.* The statements and statistics appearing in this annual are carefully censored by the Japanese officials, and the ostensible benefits accruing from Japanese direction are faithfully rehearsed. This roseate picture was confirmed by the columns of the *Seoul Press,* and by certain American writers who have for one reason or another been interested in Japanese propaganda. But American students like Dr. W. W. Willoughby and W. E. Weyl easily disproved this fable of Japanese good-will towards Korea, and Dr. Chung has ably seconded their attack by significant chapters entitled, "Political and Judicial Oppression" "Economic Exploitation", "Intellectual Strangulation", "Imposition of Social Evils", "Persecution of the Church", and "Japan's Alleged Reforms".

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Dr. Chung has had but little difficulty in securing ample evidence of Japanese misrule. The Japanese Government early suspected that the Christian missionaries were agents of sedition, and a most bitter persecution was immediately directed against them. Shortly after the termination of the World War the religious journals in the United States, such as the *Christian Advocate,* the *Philadelphia Presbyterian* and the *Christian Herald,* were filled with articles condemning Japanese oppression in Korea. The facts adduced in these journals, and in others of like character, furnished abundant and indubitable proof of Japanese hostility not only to Christianity, but also to any real advancement on the part of the Koreans. For those who desire to test the value of Japan's recent promises relative to China by an examination into Japan's past record, the *Case of Korea* should prove exceedingly valuable.

CHARLES C. TANSILL

AMERICAN UNIVERSITY
WASHINGTON, D. C.

*Constitutional History of England.* By GEORGE BURTON ADAMS. New York, Henry Holt and Company, 1921.—x, 518 pp.

Four years ago, in his *Outline Sketch of English Constitutional History,* Professor Adams managed to compress into two hundred small pages the story of the development of the English political system through a thousand years. It was a unique achievement. That little volume presented the conclusions of authoritative scholarship in the simplest style, with sanity and balance of judgment and with a control of the subject in its larger aspects which eminent specialists frequently lack. The new book follows the same lines—incorporating indeed much of the original text, but has been expanded fourfold in length. It may be observed that, while the new matter is on the whole evenly distributed, the first chapter, quite the longest of all, reviews in some detail the Anglo-Saxon age, which had previously been neglected. Students of contemporary institutions will wish that Professor Adams had been equally generous in apportioning space to the final chapter. There, with admirable poise, he seeks to measure the permanent influence upon the constitution of the stirring events of the last fifteen years; but all within the narrow compass of seventeen pages. Nor is brevity the only ground of disappointment: something, a fundamental something, has been left out. From the narrative the reader would hardly guess into what dilapidation the parliamentary machine had fallen or what

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menacing forces were gathered to dispute its authority. One is reminded of Professor Fletcher's *History of England,* which he terminated in 1815 because (as he explained) he did not approve of what had happened since that time and had not the heart to follow the life of his hero Castlereagh to its inglorious close. Complaint of this kind, however, would apply with equal force to other constitutional histories; and none of them will be found so serviceable both to those who are approaching a study of the subject for the first time and to those who, brought up on the old theology, want to know how the faith stands under the attacks of higher criticism.

E. M. SAIT

UNIVERSITY OF CALIFORNIA

*La Tradition socialiste en France et la Société des Nations.* By J. L. PUECH. Paris, Garnier Frères, 1921.—228 pp.

Ever since Marx's exhortation, "Workers of the world, unite", socialism has hewn through boundary lines to an international ideal. The opponents of socialism have ordinarily regarded this ideal as one, not of peace, but of war — in which the workingmen of the world will confederate to tread down a helpless bourgeoisie. But such a conception, if held at all, is entirely subordinated by the French Utopists whose theories concerning international organization have been gathered together in the volume under review. All of them look forward to an era of peace, industrial and moral, where violence will be unknown.

In 1814 Saint-Simon wrote his *De la Réorganisation de la société européenne.* In order to secure international peace, three steps, he said, were necessary. France and England should first be united under a common parliament; then the other nations of Europe should be persuaded to adopt the parliamentary form of government; and finally, a European parliament should be established. This parliament should be supreme over all national governments with power to judge differences between them; it should have the taxing power; it should undertake the construction of great public works, such as European canals; and it should direct European education, in order that a common system of morality should become general. Every million voters should have the right to choose four representatives to this parliament—a business man, a scholar, a magistrate, and an administrator. Finally, there should be a European king.

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Saint-Simon's followers endeavored to develop this idea of a European state by emphasizing the necessity of its having a spiritual basis. Enfantin declared that association rather than gravitation was the universal law and that a new religion was necessary to commingle the love of humanity with the love of God.

Charles Fournier, the next socialist whom M. Puech discusses, based his ideas of internationalism on his theories of internal society. The "passional attraction" should lead men to associate themselves in self-sacrificing *phalanges,* which in turn are to be formed into a world federation, with Constantinople as its capital. When this ideal of internationalism is realized, "Harmony" will succeed to "Civilization". Considerant, one of Fourier's followers, emphasized the economic factor in peace by saying that "reason alone cannot vanquish war, but, in order to succeed in this, it is necessary that it support itself upon Interests created by Industry".

Perhaps the most interesting of these writers is Constantin Pecqueur, who in 1842 wrote *De la Paix, de son principe et de sa réalisation,* and later *La République de Dieu.* Perceiving the moral aspect of internationalism, he declared that education was necessary to secure peace and that world organization could be brought about only by the application of the principles of Labor and Love. Likewise "the complete and universal abolition of the system of protection" was necessary to secure peace. But he makes the interesting remark that free trade can be instituted only by an international organization with power to control national industrial interests. He was fully aware also that nations must sacrifice part of their sovereignty, if any form of international society is to succeed. A common parliament and an international court of justice should be established. Common taxes should be levied and international banks established.

Of the two remaining writers, Pierre Leroux was an apostle of international solidarity, based upon the recognition of man as a religious and social being and of humanity as having a higher claim on men than national patriotism. The simple play of economic laws, in his opinion, would also lead to international unity. Proudhon, the other writer, was a prophetic forerunner of those who advocate the Harding type of Association of Nations. His chief concern was to avoid the creation of a superstate, and yet at the same time secure the advantages of international cooperation. Consequently he advocated "A Federation of Peoples", in which each nation should retain its freedom of action, but should regulate its differences with

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other nations upon the basis of contract. Proudhon also insisted on the necessity of suppressing tariffs, before the alliance of peoples can become a reality, "their solidarity recognized and their equality proclaimed".

A criticism of these different theories would necessitate a criticism, impossible here, of the whole problem of internationalism, and the economic, political, racial and religious factors which serve to complicate it. But one cannot help being struck by the emphasis which these French socialists place upon the economic basis of internationalism, especially upon the necessity of doing away with protectionism; and also by their recognition that peace is primarily a thing of the spirit, which cannot endure as long as hatred and greed are triumphant throughout the world. It is also refreshing to find, after reading Poincaré's Bar-le-Duc speech, that there have been — and doubtless still are — many intellectuals in France who fervently believe with Michelet that: "*Au vingtième siècle, la France déclarera la Paix au monde*", and that she has been commissioned to lead the world toward an international goal.

RAYMOND LESLIE BUELL

PRINCETON, N. J.

*The State and the Church.* By JOHN A. RYAN and MOORHOUSE F. X. MILLAR. New York, Macmillan Company, 1922.— viii, 331 pp.

A Spanish cavalier, so fable tells us, once ventured forth full-armed to slay robbers and giants and dragons. The same gallant warrior still reappears, here and there, but his name is no longer Don Quixote. A few days ago the New York *World* (July 14) reported that he had formed an organization to "fight Papal Rome and its hierarchy in its attempt to encroach on American institutions". To convince a Quixote that his horrendous giants are but harmless windmills is no easy task, as unimaginative Sancho Panza discovered. Most normal minds, however, would be convinced by the volume lately issued under the auspices of the Department of Social Action of the National Catholic Welfare Council by the Reverend Dr. John A. Ryan (widely known through his books on *A Living Wage, Distributive Justice,* and *Social Reconstruction*) in collaboration with the Reverend Moorhouse F. X. Millar, a learned Jesuit. Through the pages of this volume the vibrant note of Americanism sounds and resounds until, toward the close, it swells into a

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full diapason. Not only does the book endeavor to show that, in Archbishop Ireland's words, "Catholicism and Americanism are in complete agreement" (p. 285); much more, the authors strive to demonstrate that for the origin of the fundamental principles of her free institutions America owes an incalculable debt to Catholicism.

Despite its somewhat uninforming, if not misleading, title, the book is really a comprehensive outline of Catholic political philosophy, with special reference to American institutions. At the very outset, the reader is confronted with Leo XIII's much-misunderstood Encyclical, "The Christian Constitution of States", with helpful explanatory notes by Dr. Ryan (ch. ii). These are followed by an extract from Cardinal Billot's *De Ecclesia Christi* and a heavy juristic chapter (iv) by the Reverend Charles B. Macksey, S.J., the latter leading to the palatable conclusion that "governments derive their just powers from the consent of the governed". Three historical chapters (v-vii) by Father Millar trace the influence of Catholic principles in the development of the ideas upon which rest America's independence and freedom. Dr. Ryan then resumes the pen to explain, with characteristic straightforward lucidity, the Catholic view of the nature, functions and limitations of government, and the citizen's rights and duties (ch. viii-xiv). In addition there are extracts from papal Encyclicals and from a recent Pastoral Letter of the American Hierarchy, as well as addresses by Archbishop Ireland on "Catholicism and Americanism" and Archbishop Spalding on "Patriotism". Throughout the volume there runs a vein of solid liberalism, neither sentimental nor cynical, but genuine, realistic and progressive. The tone of the book as a whole is candid and scholarly. Perhaps too scholarly, for the uninitiated, are the chapters by Fathers Millar and Macksey.

Sober reasonableness characterizes all Dr. Ryan's writings. In this book, chapters ii, viii, ix and x show him at his best. He is ever doctrinal, never doctrinaire. One might look far and wide for a better brief argument against Socialism than the one he outlines in three pages (pp. 217-220) or for an abler reply to *laissez-faire* Individualism than he gives here (pp. 209-217). He believes in neither Socialism nor Individualism, but in a liberal democracy, in which the State aims to fulfil its true end, "to promote the welfare of its citizens, as a whole, as members of families, and as members of social classes" (p. 221) without destroying freedom and private initiative.

Because they accomplish the rare feat of couching important and

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difficult ideas in plain Anglo-Saxon, Dr. Ryan's chapters will doubtless appeal to a wider circle of readers; but to scholars, especially to historians, Father Millar's hundred-page contribution will prove no less interesting. Taking as a text John Quincy Adams' statement that the Declaration of Independence and the Constitution embody a theory of government which "had been working itself into the mind of man for many ages" (p. 99), the author delves far back into the Middle Ages to unearth the roots of our theories of natural law, human liberties and limited constitutional government. The medieval Scholastic theories, he shows, were developed further by the celebrated Jesuit philosophers and theologians of the sixteenth century, such as Suarez and Bellarmine. The latter not only controverted James I's arguments for "divine right" monarchy, but also maintained that "the best form of government" was a federal commonwealth under an elected chief magistrate, with locally autonomous governments for its provinces and cities (pp. 115-121). Royalists like Dryden and Filmer saw in Bellarmine the most formidable advocate of popular sovereignty (p. 134). The political principles of the Jesuits were taken over almost bodily, so the author endeavors to show, by the English Whigs, and subsequently by the American Whigs, the "fathers of the Constitution" (ch. v-vi). Many citations are given to show that the doctrines of Jefferson, Hamilton and James Wilson were in accord with, and directly or indirectly derived from, the teachings of Bellarmine and Suarez (ch. vii). James Wilson's point of view was "thoroughly Suaresian" (p. 185). Madison was probably familiar with Bellarmine's work (pp. 161-162). Jefferson, circumstantial and internal evidence seems to show, used Bellarmine's arguments in the composition of the Declaration of Independence. "If so, then the American denial of the omnicompetence of Parliament is no more than a reassertion of Bellarmine and Suarez' denial of the Divine Right of Kings" (pp. 177-178).

The critical reader will ask for a more exhaustive *quantitative* analysis of Catholic influence before granting this contention in its entirety. Nevertheless, Father Millar's scholarly researches do prove that there was a remarkable affinity between the doctrines of the Fathers and those of the Jesuit Fathers, and that both were alien to Rousseau's non-Christian philosophy and "the empty moonshine of the French Enlightenment" (p. 171). This is a distinct contribution, even though it be exaggerated. On laying the volume down, the reader feels convinced that the genealogy of freedom has cus-

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tomarily been traced too narrowly through the generations of English Puritanism and French Rationalism.

In any such enterprise as this, there is some danger lest the authors be carried, by the momentum of their own zeal, into the fallacy of proving too much. The authors in this case are too well grounded to commit the error of identifying Catholicism with a particular form of government, in disregard of Leo XIII's clear statement that government "may take this or that form, provided only that it be of a nature to insure the general welfare" (*cf.* pp. 3, 28-29). Dr. Ryan and Father Millar are content to argue that American liberty sprang up and flourished in a soil enriched with Catholic doctrine; that American free institutions are perfectly compatible with Catholicism; nay more, that Catholic Christianity in America today is a potent incentive to good citizenship and true patriotism. But Quixote will not believe this.

PARKER THOMAS MOON

COLUMBIA UNIVERSITY

*Chapters on the History of the Southern Pacific.* By STUART DAGGETT. New York, The Ronald Press Company, 1922. — vi, 470 pp.

In an earlier work, *Railroad Reorganization,* published in 1908, Professor Daggett analyzed the financial reconstruction of seven great railroad systems which failed between 1892 and 1896 and of one of a later date. In the book now under review, the same author treats of a single system, but for this system considers not merely the financial aspect—though this receives the chief emphasis—and not just one period, but the evolution of the Southern Pacific in its entirety. His book takes its place along side of those of Smalley, Davis, White and Haney; but as none of these extends its narrative beyond the nineties, this of Professor Daggett is strongly distinguished by a freshness and a sense of contact with the present. On the other hand, historical students may regret that Professor Daggett has given so little attention to the beginnings of railroads in California, and none at all to the schemes for a southern route for a railroad to California, so vigorously agitated in the years before the Civil War. There is no formal bibliography, the maps are inadequate, and the arrangement of topics is at times confusing; but the book is well documented and is scholarly in method.

The Union Pacific bill of 1862 included provision for a railroad

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which, starting from California, should connect with the Union Pacific. With this road, the Central Pacific, and with its extensions and absorptions in California, the first six chapters have to do. It is Professor Daggett's belief that Collis P. Huntington and his associates "went into the Central Pacific project as a speculation from which they hoped to retire with a profit derived largely from construction paid out of government funds". The author presents an enlightening analysis of the methods which the associates employed to effect this end, particularly the forming of construction companies through which they as contractors worked for themselves as a railroad corporation. The larger plan, the building of a new Pacific railroad, along a southern route, had its beginning when California, in December, 1865, chartered the Southern Pacific Railroad and when Congress, in 1866, gave to this road a land-grant without any subsidy in bonds or money. In the succeeding chapters Professor Daggett unravels the tangled mass of combinations and consolidations which mark the development of the Southern Pacific System, the efforts toward the state and federal regulation, and the thorny matter of rates, local and transcontinental. As of especial significance, in the history of the Southern Pacific System, the author stresses the incorporation, in 1884, by the legislature of Kentucky, of the holding company known as the Southern Pacific Company, "with a charter granting power to do most things in the world provided it did not operate in Kentucky"; the financial settlement of the Central Pacific in 1899; the sale, in 1901, of a controlling interest in the Southern Pacific properties to the Harriman System; the judicial dissolution of this merger in 1912-1913; and the further effort of the Government to break the long-standing union between the Southern Pacific and the Central Pacific.

ST. GEORGE L. SIOUSSAT

UNIVERSITY OF PENNSYLVANIA

*The Relations of French and English Society (1763-1793)*. By C. H. LOCKITT. New York, Longmans, Green & Company, 1920.—x, 136 pp.

This little monograph, written in 1911 and approved in that year as a thesis for the M.A. degree by the University of London, attempts to evaluate the influence of English society as a factor in the genesis of the French Revolution. For thirty years before the outbreak of the Revolution, thousands of Englishmen, the author shows, jour-

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neyed annually to France where, consciously or unconsciously, they widely disseminated English ideas of liberty, equality and independence. At the same time many prominent Frenchmen visited England where they had ample opportunity to observe English institutions and to mingle freely with various types of English society. Especially were they impressed by the fact that neither the laws of England nor the force of public opinion restrained any man from following, with some prospect of success, the natural bent of his genius. That men like Pitt and Walpole could attain high position by reason of capacity rather than birth; that nobleman and peasant traveled the same roads; that as a general rule arbitrary taxes were not levied, nor exemption from taxation granted, nor complaints made as to assessment and collection; that rural England was prosperous, and that religious toleration prevailed to a very considerable extent, likewise made a deep impression upon the French visitors. Such conditions, so strikingly absent in France, they attributed, either rightly or wrongly, to the English form of government, foster-mother of liberty and equality, and Frenchmen became passionately enthusiastic for things English. They copied or borrowed English modes, English customs and English ideals. The effect of this Anglomania as a factor in defining and developing the revolutionary spirit, Mr. Lockitt believes, can hardly be overestimated.

After thus carefully stating his thesis and devoting a chapter to a contrast of English and French society in 1763, he proceeds in chapter iii to trace the growth of English methods of dress and the introduction into France of English horse-racing, gambling and club life. As a consequence, he maintains that the idea of equality developed among Frenchmen and the airs and graces and "traditions of urbanity", so characteristic of French society in 1763, soon disappeared, revealing the "inward rottenness" of French social life, which, as the Revolution approached, degenerated into "the most vicious social order that the world had yet seen". In chapters v and vi he explains in some detail the levelling influence upon French society of the English drama and English political, religious and economic ideas. The age of Walpole, the author says, powerfully influenced French life; and the age of Walpole "was an age of political torpor, the principle of *laissez-faire* its lodestar, and innovation its bugbear". In chapter vi, entitled "Sentimentalism", he shows the influence of the English nobility and of English literary men like Fielding, Richardson and Sterne in causing numbers of the French nobility to return to their estates and to the enjoyment of

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the beauties of nature. In this same chapter a few pages are devoted to the influence of English philanthropy on French life. In his last chapter the author, after comparing French and English society in 1789, briefly explains the failure of the revolutionary propaganda in England.

In preparing and publishing this volume Mr. Lockitt has performed a most meritorious piece of scholarly work. For his material he has depended almost entirely upon the sources, especially the memoirs which were produced so prolifically during the last half of the eighteenth century. It is especially fortunate that he has made such a thorough investigation of an aspect of the period preceding the Revolution hitherto almost completely neglected. Throughout the volume there is a tendency to overemphasize and overrate the influence of the intermingling of the aristocracies of the two nations in bringing about the Revolution. Of this fact, however, Mr. Lockitt is fully conscious, as he frankly acknowledges it in his prefatory statement.

HARRY J. CARMAN

COLUMBIA UNIVERSITY

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# SUPPLEMENT

# RECORD OF POLITICAL EVENTS

[From July 1, 1921, to June 30, 1922]

BY

HARRY J. CARMAN

AND

ELMER D. GRAPER

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# RECORD OF POLITICAL EVENTS

[From July 1, 1921, to June 30, 1922]

## I. INTERNATIONAL RELATIONS

**THE WASHINGTON CONFERENCE.**—Two great international gatherings, one at Washington, the other at Genoa, overshadowed all other international assemblages during the period under review. On July 10 it was officially announced that President Harding had issued an invitation to Great Britain, France, Italy and Japan to participate in a formal conference for the purpose of discussing the question of armament reduction and limitation. Identic notes of formal invitation were sent on August 11 to the four Allied and Associated Powers. As the problem of armaments was closely related to the problem of the Far East, it was decided to include the latter in the agenda, and a separate note was sent to the government of the Chinese Republic as well as to Belgium, Holland and Portugal inviting each to participate in the discussion and decisions relative to the Pacific and Far Eastern questions. All accepted. At the conference the United States was represented by Charles Evans Hughes, Secretary of State, Elihu Root, Henry Cabot Lodge and Oscar W. Underwood. The principal British delegates were Arthur J. Balfour (now Earl Balfour), Lord Lee, Sir Robert Borden (Canada), G. F. Pearce (Australia), V. S. Srinivasa Sastri (India), J. W. Salmond (New Zealand) and Sir Auckland Geddes, British Ambassador at Washington. France was represented by Aristide Briand, Prime Minister, René Viviani, Albert Sarraut and Jules Jusserand, the French Ambassador to the United States. The principal delegates from Italy were Carlo Schanzer, Vittorio Rolandi Ricci, Italian Ambassador to the United States, Filippo Meda and Luigi Albertini. The three leading delegates from Japan were Prince Iyesato Tokugawa, President of the Japanese House of Peers, Admiral Tomosaburo Kato and Baron Kijuro Shidehara, Japanese Ambassador to the United States. China was represented by S. Alfred Sze, Minister to the United States, V. K. Wellington Koo, Minister to Great Britain, and Wang Chung-hui. Holland sent Jonkheer H. A. Van Karnebeek, Jonkheer F. Beelaerts Van Blokland and E. Mpresco. Baron de Cartier de Marchienne, Belgian Ambassador to the United States, represented his country, and Viscount d'Alte headed the Portuguese delegation. As at the Congress of Versailles, each delegation was accompanied by a considerable staff of expert advisors. The Conference opened its sessions on No-

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vember 12. After an address of welcome by President Harding, in which he briefly alluded to the unhappy state of the world and to the purpose of the gathering, Secretary Hughes was chosen permanent chairman. The work of the Conference was carried on through plenary sessions which to a large extent were devoted to formal addresses and the approval, without debate, of committee decisions. There were two Committees of the Whole, one composed of the delegates of the five principal nations represented, *viz.*, Great Britain, France, Italy, Japan and the United States, to deal with the limitation of armaments; the other, of all nine nations represented to deal with the details of program and procedure on all matters affecting the Pacific and the Far East. Meetings of these committees and their sub-committees were not open to the public nor were *verbatim* reports of their proceedings published. Information regarding committee action reached the public through official communiqués issued from time to time and through the statements and reports made at the seven open plenary sessions. The first session was held on November 12 and the last on February 6. During this time eight important treaties were signed, a number of commissions established which were qualified to deal with specific problems, and numerous resolutions and declarations of international import adopted.

At the first session of the Conference Mr. Hughes, in his opening address, concretely proposed that the United States, Great Britain and Japan cease competition in capital ships (battleships and battle cruisers), reduce their navies, and declare a naval holiday. Acceptance of this plan seemed impossible until some agreement could be reached on the delicate question of China, and a substitute found for the Anglo-Japanese Alliance which had been in existence for almost twenty years. The Anglo-Japanese Alliance, first directed against Russia and later used as a bulwark against Germany, had been used by Japan, it was charged, to screen her imperialistic motives on the Asiatic Continent and in the Pacific, where her activities had been anxiously watched by America. When the question of scrapping the alliance came up at the Conference, Japan quite naturally insisted that she have definite assurance of a substitute alliance which would guarantee her against isolation in the Far East. The **Four Power Pacific Treaty,** signed December 13, was the result. The four contracting powers agree: 1. To respect all rights in relation to their insular possessions and their insular dominions in the Pacific; in other words, each pledges not to disturb the sovereignty of any other. 2. That all disputes with each other growing out of Pacific questions shall be settled by a conference called for that purpose. 3. That in case of disagreement between a party to the treaty and any outside nation, they will confer with one another and jointly determine the best way to meet the exigencies of the particular situation or problem

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at hand. 4. That when the treaty shall have been duly ratified the Anglo-Japanese treaty shall terminate. The new pact is to remain in force for ten years and beyond that period it will continue unless a year's notice is given by any member that it wishes to withdraw. The islands of the Japanese Archipelago are not included under it.

The Conference then turned its attention to the question of armament limitation. After considerable discussion a **Five-Power Naval Treaty** embodying, in a somewhat modified form, the American proposals as presented by Secretary Hughes at the opening session, was signed at the fifth plenary session held February 1. This document provides: (1) That 68 capital ships be scrapped or converted according to rules laid down in chapter 2 of the treaty. The total capital ship replacement tonnage for Great Britain is not to exceed 525,000 tons; the United States 525,000 tons; Japan 315,000 tons; France and Italy 175,000 tons each. The maximum tonnage of individual ships is restricted to 35,000 tons and the maximum calibre of their guns to 16 inches. (2) That the maximum tonnage of individual auxiliary ships be restricted to 10,000 tons and the maximum calibre of their guns to 8 inches. (3) That the tonnage and armament of aircraft carriers be likewise limited. In this department the maximum total tonnage for the five powers is 135,000, 135,000, 81,000, 60,000 and 60,000 respectively. (4) Lastly, that a *status quo* be maintained in respect to fortification and naval base construction in certain islands of the Pacific, notably the Philippines, Guam, and the Japanese islands of Formosa, the Pescadores and the Bonins. This interesting document was negotiated not without difficulty. Japan, although she accepted in principle the sweeping plan for naval reduction, insisted at first on a 10-10-7 instead of a 5-5-3 ratio. France too objected to her ratio of 1.75 as proposed by Mr. Hughes and for a time held out for 3.5. In opposing the French demand the American representatives were supported by the British and Italian delegates. The matter was laid directly before M. Briand, the French Premier, and he at length accepted the 1.75 ratio but only on condition that France should have a strong quota of submarines (90,000 tons) and a large fleet of auxiliary craft. The submarine issue, thus brought prominently to the fore by the reply of the French Premier, resulted in protracted debate and led finally to a sharp verbal conflict between France and Great Britain. The debate opened December 22 when Lord Lee, First Lord of the British Admiralty, made a sweeping indictment against the underseas craft and urged that its use as an instrument of warfare be entirely abandoned or at least substantially reduced from the 90,000 ton basis as set forth in the American proposal. France, on the other hand, supported by the United States, Italy and Japan, contended that the submarine was primarily a weapon of defense and as such had demonstrated its effectiveness and should, therefore,

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be retained. Influenced, apparently, by the British argument, Mr. Hughes on December 24 submitted a compromise plan in which he proposed that the maximum submarine tonnage of the United States and Great Britain be limited to 60,000 tons each instead of 90,000 tons as mentioned in the original plan. The tonnage of Japan was likewise to be reduced from 54,000 tons to 31,500 tons. France under the new plan would have 31,500 tons and Italy 21,500. The British delegation accepted this proposal but France, Japan and Italy flatly rejected it. The flat refusal of France to accept a submarine quota of less than 90,000 tons provoked Mr. Balfour to remark that France desired a large undersea fleet for the purpose of attacking merchant vessels, presumably those of Great Britain. This pointed statement brought forth a vigorous denial from M. Sarraut, who warmly maintained that France harbored no hostile design on her neighbor across the channel. By refusing to accede either to the British proposal or to the modified American plan, France forced the Conference to abandon all proposals for submarine limitation. As a consequence, the nations represented are free to construct submarines without limitation as to number, size or type. The same is true in regard to aircraft, which the treaty fails to restrict.

On December 28, the day that the debate on limitation of undersea craft reached its climax, Mr. Root submitted a series of resolutions for the regulation of submarines in time of war. As adopted on January 5 and 6 these resolutions (1) formally condemn illegal uses of the submarine; (2) emphasize the importance of observing existing international law relative to visit and search and to the safety of passengers and crew of merchant vessels, and of submarine attacks upon such vessels unless these laws are strictly observed; (3) recognize the virtual impossibility of using submarines as commerce destroyers without violation of the law, and bind the signatory powers to prohibit such use among themselves; (4) make not only all submarine commanders, but the commanders of any ship guilty of such transgression, liable to punishment for piracy; and, finally, (5) invite all the powers of the world to give their assent to these proposals. Although great significance has been attached to these resolutions by the press, in reality they do little more than reaffirm rules of international law in existence before the Great War. In failing to define what constitutes a merchantman in time of war, the Conference left unsettled a vital question which may in the future give rise to serious problems. On January 7 the five great powers adopted another resolution, sponsored by Mr. Root, prohibiting and outlawing the use of "asphyxiating, poisonous, or other gases, and all other analogous liquids, materials or devices". All civilized nations are, by the text of the resolution, invited to adhere to this new law of war. At the last plenary session of the Conference, February 6, a treaty embody-

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ing the resolutions adopted relative to the **use of submarines and poison gas** was signed by the five powers. The Conference failed to evolve any plan for limitation of land armament. When the subject came up on November 21 it was referred by the Committee on Armaments to a committee consisting of the plenipotentiary delegates of the Allied and Associated Powers. Partly as a result of the work of this sub-committee a resolution was adopted on January 27 creating a commission of ten jurists, two each from the United States, Great Britain, France, Italy and Japan, to consider and report upon the rules of international law respecting new agencies of warfare. In the course of the discussion on land armaments Premier Briand analyzed at length the reasons for the size of the French army, but declared that a 50% reduction was contemplated by shortening the military service period to eighteen months.

Meanwhile announcement was made that the **Yap problem** (*cf.* last RECORD, p. 13) had been settled. This little Pacific island, the junction of oceanic cable lines which radiate to Manila by way of Guam, to Shanghai, and to the Dutch East Indian island of Celebes, figured in the discussions of the Peace Conference at Paris and, subsequently, remained a subject of misunderstanding between the United States and Japan. By the terms of the agreement as given out by the State Department at Washington on December 13, the United States secures equality with Japan and all other nations in the use of the cable and wireless facilities on the island and on all other islands received by Japan under mandate of the Treaty of Versailles. The Yap agreement was followed a few weeks later by the Pacific Cable Treaty signed by the United States, British Empire, Japan, France, Italy and the Netherlands. By its terms the former German-owned Pacific cables extending from the international nerve-center of Yap are allocated as follows: Yap to Guam, to the United States; Yap to Shanghai (now to Naba, a Japanese island), to Japan; Yap to Menado (Celebes), to Holland.

Next to disarmament, the most difficult problem faced by the Conference was that of **China**. Soon after the Conference opened the Chinese government through Dr. Sze proposed ten fundamental principles to serve as a basis for all subsequent discussions relative to China. These ten principles were compressed by Mr. Root into four comprehensive declarations and labeled by Mr. Hughes as a "charter" for China. The "charter" was adopted by the Far Eastern Committee of the Conference on November 21, and by the Conference itself on December 10 after a great deal of debate and diplomatic jockeying. The **Treaty on Chinese Integrity,** or the treaty on the "Open Door", signed by the United States, the British Empire, Japan, France, Italy, China, The Netherlands, Belgium and Portugal, and presented by Mr. Hughes at the sixth plenary session on February 4, was based on

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the original Root resolutions, subsequently elaborated at the various sessions of the Far Eastern Committee. The treaty pledges the nine signatory powers (1) to respect the sovereignty, the independence and the territorial and administrative integrity of China; (2) to provide the fullest and most unembarrassed opportunity to China to develop and maintain for herself an effective and stable government; (3) to use their influence for the purpose of effectually establishing and maintaining the principle of equal opportunity for the commerce and industry of all nations throughout the territory of China; (4) to refrain from taking advantage of conditions in China in order to seek special rights or privileges which would abridge the rights of subjects or citizens of friendly states, and from countenancing action inimical to the security of such states; (5) to respect China's rights as a neutral in time of war; (6) to refrain from discriminating practices on the Chinese railways; (7) by a supplementary resolution, unanimously approved, a Board of Reference is to be created for the consideration of cases arising under the treaty, and China, by special declaration, binds herself not to alienate any of her territory. In order to make the "Open Door" policy a fact as well as a theory, Mr. Hughes had on January 19 presented a resolution embodying the sweeping demand that all the powers represented in the Far Eastern Committee should list and reveal to the Conference all treaties concluded with the Chinese government as well as treaties made by their nationals with China and involving sums larger than $1,000,000. A lively debate at once ensued. Japan declared that the Tokio government was powerless to compel its nationals to divulge details of their commitments in China. Britain, likewise, argued that it would be unfair to compel business interests to divulge the exact amounts involved in their contracts. In the resolution as finally adopted, however, the powers agree to supply and to make public lists of all treaties, conventions, exchanges of notes and other agreements which they claim to have with China or with any other power or powers respecting China, which they deem to be in force and upon which they desire to rely. They are also pledged to supply lists as nearly complete as may be possible of all contracts between their nationals on the one part, and the Chinese government or any of its administrative subdivisions or local authorities on the other part, which involve any concession, franchise, option or preference with respect to railway construction, mining, forestry, navigation, river conservancy, harbor works, reclamation, electrical communications or other public works or public services, or for the sale of arms or munitions, or which involve a lien upon any of the public revenues or properties of the Chinese government or of any of its administrative subdivisions.

The **nine-power treaty on the Chinese tariff,** like the "open door" pact, was unanimously approved at the sixth plenary session of Feb-

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ruary 4 and signed two days later. This treaty was the ultimate outcome of the plea of China for complete autonomy in respect to customs tariff. Her proportion of customs revenue, her delegation showed, had been reduced by treaties with the various powers to a nominal 5% *ad valorem* and practically to 3½%. It sought, therefore, an increase from 5% to 12½% in order that the government might have adequate revenue. The treaty provides that a special commission shall assemble at Shanghai as soon as possible, whose duty it shall be to revise the Chinese tariff so as to make it actually equivalent to 5% *ad valorem* instead of 3½% as at present. The treaty also provides for a special conference to take steps toward the abolition of the "likin" or internal customs in China, and authorizes the levying of a specific surtax of 2½% on Chinese imports as soon as such a step is deemed advisable. By these measures it is calculated that China will be able to increase her maritime revenue by $156,000,000 silver.

In addition to these two treaties and the resolution regarding existing commitments, a number of **other important resolutions regarding China** were formally ratified: (1) Foreign control of post-offices in China is to be withdrawn on or before January 1, 1923, provided China meanwhile maintains an efficient postal service. Pending this removal the powers concerned pledge themselves to allow the Chinese customs authorities to examine all postal matter, except ordinary letters, for dutiable or contraband goods. This will enable China not only to prevent revenue frauds but to check the importation of large quantities of morphine sent through the Japanese parcels post. Japan has 124 post-offices in China; Britain has 12; France has 13 and the United States has 1. (2) Unauthorized foreign radio stations in China are to be relinquished. (3) The future development of railways in China is to be of such a nature as to enable the Chinese government to unify the railways of China into a system under Chinese control; China is to give better protection to and service on the Chinese Eastern railway. (4) An international commission is to investigate the Chinese judicial system with a view to the abolition of extraterritorial rights. (5) Foreign diplomats and Chinese officials may confer at any time in Peking for the purpose of considering the withdrawal of foreign troops from China. (6) The "earnest hope" was expressed that immediate and effective steps be taken by the Chinese government to reduce the military forces of China and the expenditures therefor.

Of the agreements spread upon the official records of the Conference, the **Shantung treaty** was undoubtedly the subject of greatest controversy. The confirmation of Japan's claim to the former German rights in this territory by the treaty of Versailles disillusioned China and led directly to her refusal to sign the Versailles document

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(*cf.* RECORD, 1919-1920). Subsequently Japan upon several occasions endeavored to induce China to negotiate the question of the return of the province, but the Chinese government steadfastly refused to accept the conditions laid down by the Japanese government. Such was the deadlock when the Conference convened. For a time Japan appeared so resolute in her determination not to modify her demands, and China so equally persistent in her refusal to negotiate, that there seemed to be little hope for any settlement. Finally, through the good offices of Mr. Hughes and Mr. Balfour, the two governments consented to attempt a settlement through a series of direct conversations, beginning on December 1, but progress was slow and it was not until two months later that the two countries arrived at a basis of settlement. By the terms of the treaty signed by the two countries on February 7, China receives immediately the former German properties, concessions, railway, port, mining, maritime customs and other rights, subject in certain cases to modification. The mines are to be transferred to a company to be formed under a special charter of the Chinese government in which Japanese capital may equal that of the Chinese. China is to pay Japan 53,406,141 gold marks, the assessed value of the properties taken by the Japanese from the Germans during the World War, plus the value of the improvements added by Japan; payment is to be made in Chinese treasury notes redeemable in five years and expiring in fifteen. Pending redemption of these notes, Japan retains two high officials, the traffic manager and a chief accountant who is given coordinate functions with the Chinese chief accountant. Evacuation of the peninsula by Japanese troops must be completed within six months. Following the example of Japan, Great Britain agreed to evacuate Wei-hai-wei and France expressed a willingness to begin negotiations at once for retirement from Kwang-chow-wan. Great Britain, on the other hand, declared it was necessary to her interests to retain Kowloon, opposite Hong Kong. Similarly Japan refused materially to loosen her grip upon the great Manchurian province and Inner Mongolia. Japan agreed, however, to certain modifications in the famous **Twenty-one Demands** forced upon China by an ultimatum on May 25, 1915 (*cf.* RECORD, 1917): "Group V", the worst of the demands, she abandons; she expresses readiness to extend to the international consortium the right of option, granted exclusively to Japanese capital, on loans for the construction of railways in Southern Manchuria and Eastern Inner Mongolia; and she agrees not to exercise certain "preferential" political rights in Southern Manchuria. Against the remaining Twenty-one Demands China filed a protest, vigorously reasserting that the demands were forced upon China, that they were unjust and inconsistent with the principles adopted by the Conference, and dangerous to the peace between China and Japan. The United States repeated its

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intention not to recognize any of the demands which conflict with American rights or with the principles of the open door.

Although the question of **Siberia,** involving the possible withdrawal of the Japanese troops, was regarded as an important item on the Conference agenda, little headway was made toward solving this delicate problem. When it was first brought up by Mr. Hughes on January 23 Baron Shidehara in a formal statement reviewed the circumstances of the Japanese occupation of Siberia and renewed Japan's pledge to retire from the territory when she received from a stable Siberian government assurances of protection for the lives and property of Japanese nationals in Siberia. Japan, he further asserted, would withdraw from Russian Sakhalin as soon as a responsible authority was established in Russia from which satisfaction might be had for the massacre of Japanese at Nikolaievsk. (*Cf. infra*, p. 122.)

**THE CANNES CONFERENCE.**—The second great international meeting of the year, the Genoa Conference, was preceded by a consultation between Premiers Lloyd George and Briand at London in December, and by a meeting of the Supreme Council at Cannes in January. At Cannes the premiers of Great Britain, France, Italy and Belgium, the Japanese ambassador to France, and Ambassador Harvey (as an observer) gave their attention to the four related questions of reparations, finance, French security, and European rehabilitation. The question of reparations is treated elsewhere (*cf. infra*, p. 14). As regards finance, the Conference approved a plan for an **international corporation** to aid in the economic restoration of Europe. The plan provides that both citizens and governments of France, Great Britain, and the United States, if she so desires, will raise a capital of £20,000,000; citizens and governments of allied and neutral nations may also share. National corporations are to be established in countries participating and representatives of these shall together constitute a Central International Corporation with headquarters in London. The corporation is now in the course of formation.

The **question of French security** constituted the third important subject of discussion at Cannes. As the best method of adequately protecting France against attack and of fostering peace in Europe, Lloyd George, voicing English opinion, advocated a triple agreement between England, France and Germany; Premier Briand opposed this plan and demanded an **Anglo-French military alliance.** After considerable parley the latter plan was finally agreed upon. By the terms of the proposed treaty, which has not as yet been ratified, Great Britain promises to place at the disposal of France her naval, military and aerial forces in event of direct and unprovoked aggression by Germany; both powers reaffirm their common interest in Articles 42, 43 and 44 of the Versailles Treaty relative to German fortifications and German military activities along the Rhine, and promise to act

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in concert to prevent any misinterpretation or violation of these articles; both powers also undertake to act in concert in case Germany should take any measures incompatible with the Treaty of Versailles; the treaty in its present form, it is further stipulated, imposes no obligation whatsoever on any of the British Dominions unless approved by the Dominion interested; and, finally, provision is made that the treaty shall remain in force for ten years, and be renewable by common consent at the expiration of that period.

Lastly, and in many respects most important of all, the Cannes conference, at the suggestion of Lloyd George, unanimously adopted a resolution calling for an international conference at which Germany, Austria, Hungary, Bulgaria and Russia should be represented, to consider the problem of the economic and financial rehabilitation of Europe. In accordance with this resolution the Italian government, on January 13 issued a formal invitation for a general congress to be held at Genoa on March 8. The resignation of M. Briand, however, and the nationalistic attitude of his successor, M. Poincaré (*cf. infra*, p. 95), led to rather tense relations between France and Britain, with the result that the congress did not assemble until more than a month later. Scarcely had M. Poincaré assumed office before it became apparent that he and the British prime minister held very divergent diplomatic policies. The French premier not only opposed the further continuance of the Supreme Council and the method of personal consultations, which he declared to be "irregular and harmful", but clearly indicated his intention to return to the old diplomatic method of note exchanges. He furthermore emphatically stated that France would not be represented at the Genoa Conference unless she received definite guarantees respecting German and Russian demands. This assertion he followed with a series of notes addressed to Lloyd George suggesting, among other things, that the problem of German reparations be left to the Reparations Committee for settlement, that the projected military alliance between the two countries be signed, that the Versailles provisions be extended to a guarantee of the left bank of the Rhine, that representatives from the Little Entente be admitted to the meetings of the allied experts who should consider the Genoa program, and, finally, that the Genoa Conference be postponed for a period of three months. While these notes elicited little response from Lloyd George, they furnished the target for so much criticism by his political opponents that M. Poincaré finally resumed the method of personal parley. Accordingly an interview between the two premiers was held at Boulogne on February 25 and cordial relations were reestablished. It was agreed that the Conference should be convoked on April 10, that it should permit no attack on the prerogatives of the League of Nations, no challenge to any treaty or treaties signed by France since the Peace

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of Versailles, and no question relative to the rights of France and the other Allies to their war reparation dues. It was further agreed that Germany and Russia should be admitted to the Conference only on condition that the former acknowledge her obligations under the Versailles pact, and that the latter respect the rights of private property and recognize her past debts.

**THE GENOA CONFERENCE.**—When the Conference assembled thirty-four nations were represented, Russia and Germany sitting in with the rest of Europe for the first time since the war. The **leading delegates** included Lloyd George of Great Britain, Louis Barthou of France, M. Theunis of Belgium, Dr. Wirth, German Chancellor, and Dr. Walter Rathenau, German Foreign Minister, Premier Facta and Foreign Minister Schanzer of Italy, and Viscount Ishii of Japan. The Russian delegation included George Tchitcherin, Foreign Minister, Maxim Litvinov, Adolph Joffe and Christian Rakovsky. The United States, in declining an invitation to be represented, expressed good will but intimated that she "could not helpfully participate". The work of the Conference, presided over by Premier Facta of Italy, was handled by four important committees: Political, Finance, Economics and Transportation. The labor of each committee was facilitated by means of sub-committees and experts.

The **problem of Russia** proved to be the storm-center of the Conference. Great Britain especially desired a Russian market for its manufactures, and both Britain and Italy were anxious for cheap Russian grain. Both of these countries, therefore, during the months preceding the Conference became increasingly insistent that some sort of a settlement should be made with the Soviet authorities. France and Belgium, on the other hand, less interested in trade or wheat than in their investments already made in Russia, expressed willingness to take steps toward recognizing the Russian government only on condition that these investments in the form of debts be recognized. Fully aware of this difference in the camp of the Allies, Russia sought full recognition for her government together with a loan. As security for the latter she was prepared to grant certain concessions for the exploitation of her vast natural resources, especially oil. As an opening move Tchitcherin, after a diplomatic skirmish with the French relative to disarmament and committee representation, presented a 300,000,000,000 franc claim to cover the cost of Russia's part in the World War and for damage done by anti-Bolshevist leaders, Kolchak, Denikin and Wrangel (*cf.* RECORD, 1920, pp. 122-123, and 1921, p. 89). This claim, subsequently scaled down to 125,000,000,000 francs, which more than offset the 65,000,000,000 francs claim of all other countries, the Russian leaders offered to settle for 2,000,000,000 gold francs plus a considerable loan for economic reconstruction. The very suggestion of a Russian counterclaim made the French furious

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and Lloyd George, playing the rôle of mediator, informed the Russians on April 15 that they must abandon their "fantastic" claims and comply with the following conditions: 1. Recognize the pre-war debt of Russia. 2. Recognize responsibility of the Russian government for sums borrowed by Russia from the Allies during the war. 3. Recognize the liability of the Soviet government for foreign-owned property which the Soviet had nationalized.

While the British Premier and his Italian associates were striving to persuade the Russians to accept these conditions, the Soviet leaders with the assistance of the Germans played their second card. On April 17 it was announced that a **Russo-German treaty** had been concluded providing for (1) mutual renunciation of war expenses, war damages and civil damages; (2) settlement on a basis of reciprocity of all questions arising out of the war, including the disposition of merchant ships; (3) mutual cancellation of expenses for war prisoners; (4) renouncement by Germany of all claims of her nationals resulting from application of Soviet laws on condition that the "Soviet government shall not satisfy similar claims made by any third state"; (5) consular and diplomatic relations to be immediately resumed; (6) rights of nationals and the regulation of commercial relations to be mutually based on the "most favored nation principle"; (7) mutual economic assistance. France, shocked at the turn of affairs, at once became more suspicious; representatives of Poland and the Little Entente, who came to the Conference prepared to work for a reconciliation between Britain and France, were alarmed at what they deemed to be a menace to their security. Indeed it was only by great dexterity that Lloyd George prevented the immediate disruption of the Conference. Tension was not eased when on April 18 Great Britain, France, Italy, Japan, Belgium, Czechoslovakia, Poland, Jugoslavia, Rumania and Portugal sent an ultimatum to Germany expressing surprise at her action and demanding that she withdraw from all future discussions on Russia. The Germans, replying on April 21, stated that there had been no intention of secrecy, that Germany would comply with the Allied request and take no further part in the Russian discussions, and that she stood ready to cooperate fully in the work of the Conference. On the following day France demanded not only that Germany be excluded from participating in any loan to Russia, but that she categorically state whether the Russo-German pact contained any secret clauses. By another note dispatched to the Germans on April 23, at the insistence of France, the Allied Powers expressly reserved the right to declare null and void any clauses of the Russo-German treaty which the Allies might recognize as contrary to existing treaties. The German leaders were persuaded by the Italians and Lloyd George to make no answer to this document. On April 28 French legal experts appointed to deter-

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mine whether the new treaty involved a violation of the Versailles treaty, reported that it did not, and on May 1 Russia officially declared that the new treaty contained no secret military alliance.

Meanwhile Russia had accepted the Allied terms laid down by Lloyd George to the effect that the claims against the Allies for intervention losses be abandoned and that the Czarist pre-war debts be recognized, but on condition that these debts be reduced in amount and that Russia receive an international loan and foreign recognition. She agreed further to return nationalized property or make satisfactory settlement therefor in event that return should not be possible. The Russians were informed, however, that it would be quite impossible to extend a cash loan of any considerable amount. The British suggested that the loan, if made, take the form of supplies and machinery to be secured by first mortgage. The Russians thereupon submitted additional demands (including the cancellation of interest arrears on pre-war debts, a moratorium extending over a considerable period of years on the pre-war debts themselves, and Allied recognition of the right of Russians to possess property in foreign countries). In the midst of these discussions Premier Poincaré on April 24 delivered a speech at Bar-le-Duc, characterized by a section of the British press as "sabre-rattling", in which he declared French delegation would remain at Genoa only on condition that the "no cessation" policy laid down at Cannes be respected. The understanding between Germany and Russia, he asserted, had undoubtedly upset European equilibrium and presented a condition which could not be solved by mere economic or financial formulæ or by means of great international congresses. If Germany on May 31 failed to comply with the terms of the Reparation Commission, France, he said, would be obliged, either with her Allies or alone, to use force. In reply Lloyd George directly criticized the French attitude and on April 26, in a speech before American and British newspaper correspondents, warned of the impending danger which the world would face from the coalition of a hungry Russia and an angry Germany in case the Conference failed.

Despite this crisis the Russian negotiations continued and on May 2 the Soviet representatives received the Allied plan for Russian recognition. Among other things it reiterated that Russia recognize debts contracted before and during the war, the Powers agreeing, however, not to press for payment and to consider reductions on condition that the Russians withdraw all counterclaims. A mixed arbitral commission was to be created, the president of which would be named by the Chief Justice of the Supreme Court of the United States, one member by the interested powers, and one member by the Russian government, to consider methods of payment as well as Russia's financial policy. The provision relative to foreign-owned property

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nationalized by the Soviet government was a compromise. The French held out for full restitution, the British and Italians being inclined to accept a minimum requirement in this respect. As finally framed, it required the Russians to restore property for a 99-year period, but allowed them to retain technical title thereto. An amendment by Lloyd George allowing the Russians to substitute payment if restoration interfered with exploitation led ultimately to the refusal of both France and Belgium to sign the memorandum. The reason for this, it appeared, was the circumstance that British interests had by secret bargain obtained control of the Russian oil deposits some of which, before the war, had belonged to Belgian and French capitalists. In this connection Belgian delegates stated that their nationals had invested a billion dollars, largely in the Baku oil region. The Soviet reply to the Allied proposals, received on May 11, rejected the Allied terms and scathingly denounced the Allies, but was, nevertheless, considered conciliatory in some respects. Yet all hope of reaching an economic settlement with the Soviet government at Genoa was henceforth abandoned.

Meanwhile Lloyd George had proposed a ten-year European **non-aggression compact.** On May 4 the French agreed to ratify the pact on condition that every European nation sign; that Russia recognize for ten years all her existing boundaries, and that France surrender none of her rights for enforcement of the Versailles Treaty. This ultimatum, together with the attitude of both Russia and Germany, forced the British premier to abandon the project.

In their reply of May 4 the Russians suggested that a commission of experts be appointed to study Russian finances. Out of this suggestion there developed three proposals which met with favorable consideration during the last days of the Conference. First, all the powers pledged themselves to conclude no separate treaties with Russia for a period of eight months; secondly, arrangement was made for the creation of two separate commissions, one representing the Allies, the other the Russians, to study the Russian financial situation; and, thirdly, at the inspiration of Lloyd George, another conference was called to meet at the Hague on June 15 to consider the Russian problem. On May 15 the United States, through Secretary Hughes, declined the Allied invitation to participate in the Hague conference on the ground that it would apparently be a continuance, under a different nomenclature, of the Genoa conference. The Genoa gathering adjourned on May 19, the Russian delegation agreeing to cooperate at the Hague meeting.

**REPARATIONS PROBLEM.** — The question of reparations has been a troublesome problem throughout the year. France has insisted that Germany respect the final terms outlined by the Reparation Commission in May, 1921 (*cf.* last RECORD, p. 11), whereas the

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Germans sought modification of these terms. The first payments due were paid and, accordingly, the economic guarantees imposed by the Allies, consisting of the occupation of Düsseldorf, Duisburg and Ruhrort and the establishment of a customs line along the Rhine, were lifted on September 29. A week later an economic pact between Germany and France was concluded at Wiesbaden providing for reparation in kind. By it Germany agrees to deliver building material to France for the reconstruction of the devastated area up to a value of 7,000,000,000 gold marks, deliveries to be completed by 1926. Payment to German producers of these materials is to be made in German government bonds issued specifically for this purpose. — On December 14 the German government officially notified the Commission that it would be unable to pay the instalment of 500,000,000 gold marks due January 15 or the other instalments which would fall due at intervals of three months during 1922. In lieu of the January instalment and the February instalments of 25% of the value of its exports, it proposed a payment of from 150,000,000, to 200,000,000 gold marks. This led to an Allied investigation and a discussion of the problem at the Cannes Conference (*supra*). With the disruption of that conference the Reparation Commission granted a provisional moratorium under which, in lieu of the January and February instalments, Germany was to pay the sum of 31,000,000 gold marks every ten days. It also demanded that Germany within fifteen days submit proposals for the reform of the German budget and finances, and a program of reparation payments for 1922. On March 21 the Commission demanded that for 1922 Germany pay 720,000,000 gold marks cash and 1,450,000,000 in goods. In addition, it demanded that before May 31, Germany make the Reichsbank independent of politics, reduce her expenditures and balance her budget, abolish subsidies and reform her currency, resume publication of government fiscal statistics, take measures to prevent the further flight of capital and endeavor to get back $2,000,000,000 spirited out of the country during the last two years. This ultimatum although bitterly assailed by the German government was subsequently complied with in part (*infra*). A later demand of the Reparations Commission that Germany raise 60,000,000,000 marks by new taxes, or submit to financial control by the Allies, was rejected by Germany on April 10, but she indicated a willingness to furnish any information desired. The reply of the Commission on April 13 reiterated its demand for a drastic increase in taxation and stated that a foreign loan, as requested by Germany, was impossible until she had made a serious effort to restore her internal budget. Germany's rejoinder of May 10 declared it was impossible to meet her obligations under the moratorium of March 21 before May 31 without the aid of a foreign loan; to raise 60,000,000,000 gold marks by taxes before that date, she asserted, was impossible. She

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declared her readiness, however, to discuss with the Commission ways and means of meeting its demands. The French government characterized the reply as evasive and indicated its resolve to make the Germans comply, but this move was rendered unnecessary, for on May 28 Berlin agreed to the demands of the Commission in the hope of securing a favorable foreign loan. This action was prompted by a demand made by the Conference of International Bankers on May 26 (*cf. infra*, Germany).

**THE NEAR EASTERN SITUATION.**—Throughout the year the Near East continued to be a menacing international problem. The rival Turkish governments at Constantinople and Angora were warmly supported by France and Italy in refusing to ratify the original Sèvres Treaty; Greece in seeking to execute the treaty was equally supported by Great Britain. France supports Turkey, first, because she desires no unpleasant border struggles with the Turks along her Syrian frontier, and, secondly, being the largest holder of Turkish bonds she is interested in having Turkey remain territorially as strong as possible in order that the security of these bonds be not reduced. Italy and Greece are rivals in the Balkans, the Eastern Mediterranean and the Near East and, therefore, Italy is pro-Turk and anti-Greek. The Greeks declined the Allied proposal of June 19 to forego their second offensive against the forces of Mustapha Kemal and submit their claims to the Great Powers (*cf.* last RECORD, p. 8). In July the **Greek military operations** began; Greece with an army of 200,000 was opposed by Mustapha Kemal's troops numbering approximately 100,000. Late in July the Greeks won a decisive victory west of the Bagdad Railway between Kwtaia and Eski-Shehr, and on the 26th the Nationalists were prepared to move their capital from Angora to Sivas. Heavy fighting continued during August and September, and the Greeks retreated from their advanced positions after failing to force the capitulation of the enemy.

Both Britain and Greece suffered a set-back when on October 30 France announced the ratification of a separate **French treaty with the Angora government** similar to that negotiated by M. Briand in March, 1921 (*cf.* last RECORD, p. 8). By its terms France agrees to withdraw from Cilicia and, in return, receives various economic advantages, notably a concession for the operation of the Bagdad Railway from the Mediterranean to the Tigris river and a 99-year lease on the iron, chrome and silver mines of the valley of Harchite in northern Anatolia. The new boundary line between Turkey and French Syria runs from the Bay of Alexandretta, near Bayas, to the railway station of Meidan, thence southeast leaving the region of Marsova in Syria and Killis in Turkey, thence to the railway at Tchebin Bey to Nisibin, thence northeast to Jezireh on the Tigris. This treaty was exceedingly distasteful to both Great Britain and

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Greece. Indeed M. Gounaris, Greek premier, visited the western chancelleries in a vain attempt to nullify the French efforts (*cf. infra*, p. 87). The action of France was furthermore severely condemned by Lord Curzon, who asserted that she had no right to dispose of mandated territory, and that continuation of such a policy would ultimately lead to her political isolation. During November and December a series of lively notes were exchanged between France and Britain in which the former admitted negotiation of a number of secret agreements with the Turkish nationalists which were not included in the Angora treaty. In this correspondence the British insisted, first, that the Angora agreement be revised to correspond with the abandoned treaty of Sèvres and the old tripartite agreements, and, secondly, that France participate in a new tripartite "intervention in Turkey for the purpose of bringing about peace". In yielding, France on January 6 officially declared that the Angora agreement was not to be regarded as a treaty of peace and implied neither *de facto* nor *de jure* recognition of the Angora government. She further declared that the rights of Italy and Great Britain, recognized in the tripartite agreement, were in no way affected by the Angora pact; finally she agreed to the principle of adjusting in a final peace treaty all the outstanding problems concerning the Turkish question. When the question came up at the Boulogne meeting, February 25 (*cf. supra*, p. 10) France again substantially reiterated her willingness to negotiate a new treaty.

Meanwhile a number of disturbing factors occurred: hostilities between the Greeks and Turks were renewed; the Greek navy aided by English naval officers intercepted French and Italian vessels loaded with supplies for Mustapha Kemal; after the withdrawal of the French troops from Cilicia, which began on November 28, thousands of Christians emigrated while other thousands who remained were reported to have fallen victims of atrocities and outrages by the Kemalists. Stimulated in part by these occurrences, the Allied Council of Ministers assembled in Paris on March 22 to discuss the Greco-Turkish war and the **proposed revision of the Treaty of Sèvres.** Delegations from both Turkish governments attended although both were in agreement in their demands for the complete restoration of Turkish sovereignty. After several days of secret deliberation the Council shaped a proposal for an armistice between Greece and Turkey. It also signed an agreement for revision of the Treaty of Sèvres in such manner as to include demilitarization of the Dardanelles, retention of Constantinople and Eastern Thrace by Turkey, acquisition of Adrianople and the Gallipoli peninsula by Greece, establishment of a special régime for Smyrna. All the rest of Asia Minor was to be retained by Turkey. The Allied terms were accepted by the Porte on March 30 and, with reservations, by the Angora government on

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April 5; Greece, however, refusing to surrender her hold on Smyrna, failed to agree with the Allied proposal and the problem remains unsettled. (*Cf. infra*, Turkey.)

**UPPER SILESIA.**—The question of Upper Silesia, which brought Europe to the brink of an international crisis during last year (*cf.* last RECORD, pp. 11-12), seems to have been adjusted for the time being. Pending the decision of the Interallied Commission, both Poles and Germans, under pressure of the Allied military commanders, had evacuated the disputed region by July 7. The premiers on August 12, after weeks of deliberation and negotiation, came to the conclusion that they were unable to settle the Silesian problem owing to irreconcilable differences of view between the British and French governments. Accordingly the whole subject was referred to the Council of the League of Nations, which in turn referred it to a committee composed of four non-permanent members of the League Council, namely, M. Paul Hymans of Belgium, Senhor da Cunha of Brazil, Señor de Leon of Spain, and Dr. Wellington Koo of China. A neutral commission was sent to the plebiscite area by the committee, which itself heard evidence from both Poles and Germans of all ranks. The report of the committee submitted during the first week in October was unanimously adopted by the League Council on October 12 and then transmitted to the Supreme Council. By the text of the decision the new Polish-German boundary was drawn about half-way between the lines proposed by Lloyd George and M. Briand. Poland received the district of Pless in its entirety and the major portion of Rybnik. The industrial triangle was divided between the two countries. Germany retained Gleiwitz, Zabrze and the two western districts of the Oder basin, as well as the town of Beuthen; while Poland was allotted the rural district of Beuthen and the towns of Kattowitz and Königshütte. In the north the major portions of Tarnowitz and Lublinitz were awarded to Poland, while the other districts remain German territory. The economic and racial interests of the Silesians on either side of the new boundary are elaborately safeguarded, and detailed provisions are included for securing the rights of minorities. An important feature of the solution provides that for fifteen years the entire territory shall be under the advisory jurisdiction of a body to be known as the "Upper Silesia Mixed Commission", consisting of an equal number of Poles and Germans from Upper Silesia and a president of another nationality to be designated by the Council of the League of Nations. During this fifteen-year period the German mark must remain the legal unit of currency in the plebiscite area, and agreements for facilitating trade and transportation must be observed. Any dispute between the German and Polish governments which may occur within fifteen years in respect to any legislative measure adopted by either of the two coun-

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tries for the control of companies or commercial enterprises, and limiting in a manner "contrary to justice" the freedom of these companies or enterprises, from the point of view of the nationality of their personnel, of their directors or of their capital, may be referred by the government concerned to the Council of the League of Nations, whose decision both governments undertake to accept. A German-Polish treaty incorporating the League settlement was ratified by the Polish chamber on May 24. Two days later the Reichstag accepted the agreement though not without protest. During June the Allied troops were being withdrawn.

**LEAGUE OF NATIONS.**—The **Second Plenary Conference** of the League of Nations was held in Geneva from September 5 to October 5; delegates from 42 out of the 48 member states were present. During the session Esthonia, Latvia and Lithuania were admitted to membership. The **agenda** of the Assembly, presided over by Foreign Minister van Karnebeek of Holland, contained twenty-eight items, including presentation by the Council of reports from committees constituted in accordance with the recommendations of the First Assembly, e. g., amendments to the Covenant, reduction of armaments, and international blockade; reports on the work of technical organizations of the League, viz., economic and finance, communication and transit, health, opium traffic, traffic in and deportation of women and children, typhus, labor, League expenditures and budget, international coordination of intellectual work, and the Permanent Court of International Justice; appointment of four non-permanent members to the Council; organization of international statistics; Albania; and a dispute between Chile and Bolivia. Six main committees, on which each member state was represented, were named to handle the work of the conference. In the course of the thirty-three plenary meetings which were held, the Assembly approved the organization and work of the technical organizations on communications and transit, finance and economics, and health. It also approved the organization of the Secretariat and Labor Office, the Budget for 1922, and a detailed report from the Advisory Committee on Traffic in Opium, favoring more effective regulation of contraband trade and extension of an invitation to all states to sign or ratify the Opium Convention of 1912 as soon as possible. Dangerous drugs, of whatever origin, the Assembly recommended, should henceforth be included in the further investigations of the Advisory Committee. In addition, the Assembly approved a draft convention on Traffic in Women and Children, previously prepared under auspices of a League commission. Member states were urged to sign the convention which amplifies the previous conventions of 1904 and 1910.

Four important suggestions for **amending the Covenant** were submitted: (1) Article 26 to specify a three-fourths majority of the As-

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sembly, including all Council members, as necessary for the approval of any amendment; (2) a series of amendments to Article 16 describing methods of procedure for an economic blockade; pending ratification, the Council and member states were advised to accept the proposed amendments as rules of guidance; (3) revision of Article 6 allocating expenses among members of the League; and (4) amendment of Article 4 so as to empower the Assembly to fix by a two-thirds majority rules governing elections of non-permanent members of the Council. The Canadian proposal that **Article 10** be eliminated was postponed to the next session of the Assembly. All the delegations agreed, however, that Article 10 did not constitute a pledge by members to go to war to protect the territorial borders of other members, but was a declaration of principle and a pledge by the nations not to violate the territory of their neighbors on the assumption that such a violation would be punished by use of the economic weapon. Numerous other amendment proposals were rejected.

After discussing the question of the **deportation of women and children in Turkey** and Asia Minor, the Assembly reached the decision that the League should name and maintain a commissioner at Constantinople who, with the aid of a mixed tribunal, should have charge of the reclamation of women and children detained in Mohammedan households. It also recommended that the Council appoint a committee of three to visit **Albania** and report on the execution of the decision of the Allied powers respecting that territory.

The Council was requested further to name a committee of twelve members to consider and report in 1922 upon the feasibility of the **international organization of intellectual work.** Belgium, Brazil, China and Spain were elected non-permanent **members of the Council.** Resolutions were adopted respecting several **other items** including mandates, the Bolivian-Chilean dispute, the Polish-Lithuanian controversy over Vilna and the frontier, the appeal of Austria regarding Article 267 of the Treaty of St. Germain, Armenia, Eastern Rumania, and the Russian famine. A bitter attack by Lord Cecil against the permanent Advisory Council on Disarmament opened the way for a spirited debate on the **armament question.** The Assembly finally decided to request the governments for the second time that they agree not to exceed for two years their present military and naval budgets. It also authorized a statistical investigation of armaments in 1913 and 1921, accepted a proposal for an international conference on the evil consequences of the private manufacture of arms; decided to call upon all states to ratify the Arms Traffic Convention, and to ask the Temporary Mixed Commission on Armaments to consider whether or not an appeal should be addressed to all scientific men to publish their discoveries in the hope that by thus making them public property their use for purposes of war would be lessened. The Mixed

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Commission was further charged with the duty of preparing a policy for armament limitation.

Perhaps most important of all was the election by the Assembly of eleven judges for the **Permanent Court of International Justice.** From the list of over ninety nominations the following were chosen: Viscount R. B. Finlay, Great Britain; Charles A. Weiss, France; Dionisio Anzelotti, Italy; Prof. John Bassett Moore, United States; R. A. Cravea, Spain; Senator Ruy Barbosa, Brazil; Antonio de Bustamente, Cuba; Max Huber, Switzerland; B. C. J. Loder, Holland; D. G. G. Nyholm, Denmark; Yorozu Oda, Japan. The four deputy judges chosen were Mr. Negulesco, Rumania; Wang Chung-hui, China; Mr. Yovanovitch, Jugoslavia; and Mr. Beichmann, Norway. A preliminary session of the Court was held on January 30; three days later Dr. Loder of Holland was elected President of the Court. The new tribunal was formally opened at the Hague on February 15, when it began to work out its rules of procedure.

A number of important **meetings of the League Council** have been held during the year. The question of the German-Polish boundary in Upper Silesia was submitted at the First Extraordinary Session held in Geneva on August 29. At the Second Extraordinary Session, held September 1, the Upper Silesian question was submitted to a special committee (*supra*). The Fourteenth Regular Session convened August 30, and considered confirmation of the "A" type mandate in Asia Minor and the "B" type in Central Africa. At this session, too, the Albanian question was referred to the Assembly, and the Polish-Lithuanian dispute further considered, as well as the neutralization of the Aland Islands and protection of minorities in Finland. The Fifteenth Session, held in Paris November 15 to 19, was devoted almost entirely to the problem of Albanian frontiers. At the Sixteenth Session, which opened at Geneva on January 10, the Council denied the appeal of a Saar Valley delegation to overrule the Governing Commission in its decision that any person residing in the Valley for one year becomes an inhabitant thereof, and that any person born in the Saar Valley but absent for one year permanently loses his citizenship. It also accepted responsibility for guaranteeing the neutrality of the Aland Islands, but expressed its inability to settle the Polish-Lithuanian dispute over Vilna (*cf. infra*, p. 112). Before adjourning, an advisory commission to deal with the problem of white slave traffic was named. Relief of Russian refugees, reduction of armaments, the Saar Basin and the Saar Basin plebiscite, and the forthcoming Genoa Conference, were the principal topics discussed at the Seventeenth Session of the Council held in Paris from March 24 to 28. The last meeting of the year under review convened at Geneva during the middle of May.

At the Third Session of the **International Labor Conference,** which

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took place October 25 to November 19, seven international conventions and eight recommendations were adopted. The conventions provided for (1) a weekly rest day in industry; (2) the prohibition of the use of white lead in interior painting and regulation of its use in exterior painting; (3) the right of agricultural workers to combine; (4) non-employment of children under fourteen during compulsory school hours; (5) the extension of compensation laws to agricultural workers; (6) restriction of juvenile employment at sea; (7) institution of compulsory medical examination of persons under eighteen years of age employed on ships. The recommendations, dealing mostly with agricultural workers, include (1) nine hours rest per day for women employed in agriculture; (2) children under fourteen to have ten hours consecutive rest, and persons between fourteen and eighteen, nine hours; (3) maternity protection for women agricultural workers; (4) improvement of living conditions among agricultural workers; (5) a series of measures for dealing with agricultural non-employment; (6) extension of social insurance schemes to agricultural workers; and (7) the further development of technical education for persons employed in agriculture.

**AMERICAN RELATIONS.**—Disruption of the Federation of Central America, further effort to adjust the troublesome Tacna-Arica boundary, and the Pan-American Parcel Post Congress were the outstanding events in the field of American relations during the year under consideration. The **Central-American Union** was destroyed just as it was about to function by the sudden revolution in Guatemala (*infra*, p. 63). On December 8, three days after the government of Carlos Herrera was overthrown, the revolutionists recalled the old Guatemalan Congress, which in turn declared null and void all acts of the overthrown government, thus in effect destroying the Union. An effort to end the long-continued **Tacna-Arica dispute** (*cf.* last RECORD, p. 14) was made on January 17, when the United States government sent identic notes to Peru and Chile, inviting each to send representatives to Washington in order that an agreement might be reached. Both countries accepted and the envoys met on April 26; by the last of June it seemed probable that a peaceful settlement would soon be reached. Meanwhile Bolivia is anxious, hoping by the settlement to gain access to the sea.—Simultaneously with negotiations for an adjustment of the Tacna-Arica controversy the governments of Ecuador and Peru are negotiating settlement of the boundary question between the two countries.—By a convention adopted by the Pan-American Postal Congress at Buenos Aires early in October provision was made for a **Pan-American Parcel Post Union,** embracing the United States and all countries of Central and South America.—The **Costa Rica-Panama boundary** conflict (*cf.* last RECORD, p. 15) was finally adjusted in August when the former took possession

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of the disputed territory.—The **treaty between the United States and Colombia** was ratified by the Colombian government on December 24.

**OTHER INTERNATIONAL AFFAIRS.**—The **Djambi oil controversy** (*cf.* last RECORD, p. 12) was terminated on July 1 when the First Chamber of the Dutch Parliament, by a vote of 27 to 8, passed the Djambi oil bill providing for the exploitation of valuable oil fields in the Dutch East Indies for a period of forty years by a combination of the Dutch East Indian government and the Batavia Oil Company, a subsidiary of the Royal Dutch Shell combine, which is controlled in London. The enactment of this law, which excludes American interests from exploitation in the Djambi fields, is to all intents and purposes the final answer to Secretary Hughes's notes in behalf of the Standard Oil Company. — Representatives of Czechoslovakia, Jugoslavia and Rumania met at Marienbad, Bohemia, during the first week in August for the purpose of outlining the work of the military and commercial conventions provided for in the treaties of the **Little Entente.**—At the **International Congress of Trade Unions,** which convened at Rome, April 20-26, a resolution was adopted calling upon workers of the world over to prevent war, if necessary, by a general international strike. The convention's suggestions for European rehabilitation included the reciprocal cancellation of war debts, substitution of an international policy for national economic policies, abolition of all national monopolies of raw materials and creation of a tariff policy along free-trade lines.

## II. THE UNITED STATES

**THE ADMINISTRATION.** — During the first year of his administration President Harding lost only one member of his original cabinet. In February **Postmaster-General** Hays announced his intention of leaving the cabinet on March 4 in order to accept a position as head of a national association of motion-picture producers and distributors. Dr. Hubert Work, the First Assistant Postmaster-General, was selected to fill the vacancy created by the resignation of Mr. Hays.—Late in June it was announced that Brig. Gen. H. M. Lord, Chief of Finance of the War Department, had been selected by the President to succeed Charles G. Dawes as **Director of the Budget,** Mr. Dawes having decided to return to his banking business in Chicago. — On August 11 Secretary of War Weeks stated that General Leonard Wood, who had for several months been investigating conditions in the Philippines, would be appointed **Governor-General of the Philippines.** Early in September General Wood accepted the position. He assumed office on October 15. — On February 21 the President named Secretaries Mellon, Hughes and Hoover, Senator Smoot, and Congressman Burton as members of the **Foreign Debt**

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**Funding Commission** provided for by the recent act of congress (*cf. infra*, p. 35).—Upon the passage of the law providing for the **Veterans' Bureau** (*cf. infra*, p. 32) President Harding appointed Col. Charles R. Forbes of Washington to act as Director.—On March 31 President Harding issued an executive order summarily dismissing "for the good of the service" James L. Wilmeth, Director of the **Bureau of Engraving and Printing,** and twenty-five chiefs, superintendents and other officers of the Bureau. By the same order Louis A. Hill, who had been Assistant Director, was advanced to the position of Director. This action was severely criticized by members of the minority party in Congress as evidence of the return of the spoils system.—Senator William S. **Kenyon** of Iowa, the generally recognized leader of the "Farm Bloc" in the Senate, was nominated to be Circuit Judge for the Eighth District by President Harding on January 31. The nomination was unanimously confirmed by the Senate. Charles A. Rawson of Des Moines was appointed by Governor Kendall to take Senator Kenyon's place.—On August 18 William J. Burns was appointed as head of the United States **Secret Service.**—On December 23 the President freed Eugene V. **Debs** and twenty-three other persons convicted of war law violations.

During the year under review a number of important **diplomatic appointments** were made by the President. Charles B. Warren of Michigan was chosen Ambassador to Japan and Henry P. Fletcher succeeded Brand Whitlock as American Ambassador to Belgium. Early in October nine diplomatic appointments were made: Laurits Selmer Swenson of Minnesota was made Minister to Norway; Lewis Einstein of New York, Minister to Czechoslovakia; Edward E. Brodie of Oregon, Minister to Siam; Charles L. Kagey of Kansas, Minister to Finland; Roy Davis of Missouri, Minister to Guatemala; Charles S. Wilson of Maine, Minister to Bulgaria; John Glover South of Kentucky, Minister to Panama; John E. Ramer of Colorado, Minister to Nicaragua; and Willis C. Cook of South Dakota, Minister to Venezuela. A few days later Jesse S. Cottrell of Tennessee was selected as Minister to Bolivia. On March 27 the President appointed William Phillips of Massachusetts, Minister to the Netherlands, to be Under Secretary of State to succeed Henry P. Fletcher, and Leland Harrison of Illinois to be Assistant Secretary of State succeeding Fred M. Deering. About the same time Hoffman Philip, Minister to Columbia, was transferred to Uruguay. The Columbian vacancy was filled by Samuel H. Piles. Early in the present year **diplomatic relations with the Central Powers** were resumed. Alanson B. Houghton of New York was made Ambassador to Germany; Theodore Brentano of Illinois, Minister to Hungary; and Albert Henry Washburn of New Hampshire, Minister to Austria.—Early in September the President named as the American **representatives at the Washington**

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**Conference** on Limitation of Armaments (*cf. supra*, p. 1) Charles E. Hughes, Elihu Root, Henry Cabot Lodge and Oscar W. Underwood.

The Treasury Department in July, 1921, announced that the total **internal revenue** receipts for the fiscal year ending June 30, 1921, amounted to $4,593,933,248. During the first three quarters of the fiscal year 1922 the internal revenue collections showed a decided decrease. From July 1, 1921, to March 31, 1922, the taxes collected by the government aggregated $2,476,000,000 as against $3,351,000,000 for the corresponding months of the previous year. Decreased revenues from income and profits taxes accounted for the greater portion of the total reduction although there was a sharp decline also in the receipts from the luxury, transportation, amusements and stamp taxes. In May President Harding in a report to Congress stated that governmental expenditures for the year 1922 would be approximately $1,600,000,000 less than the outlay for the preceding year. It was claimed that about $250,000,000 of this reduction should be accredited to more efficient and economical administration of the Government's business.—Early in 1922 the **War Finance Corporation** reported that loans of $200,000,000 were approved in 1921. Of this sum $145,082,039 was for farmers and live-stock raisers and $50,946,375 for financing exports.

On July 24 Secretary of War Weeks gave to the press a memorandum to General Pershing, who on July 1 assumed his duties as Chief of Staff in succession to Major General March, outlining President Harding's interpretation of the **Army Reorganization** Act of 1920. The President interpreted the act as deciding that the United States would continue the policy of depending mainly upon citizen soldiers. The regular army should be maintained ready for action, and in the event of war should be reinforced by the National Guard and an organized reserve. General Pershing was instructed to have the regulars concentrated into a few organizations stationed in the various "corps areas". The officers released through the reduction of the number of regiments were to be assigned to train the National Guard, the Organized Reserves, the Reserve Officers' Training Corps, and the Citizens' Training Corps. The War Department issued a statement on October 10 to the effect that 126,000 officers and men out of 215,397 allotted for organization by June 30, 1922, were enrolled in the National Guard units. It was estimated that the number would reach 450,000 in 1924. A month later an outline of the steps for the creation of the organized reserve was made public. It was stated that the plan anticipated the possible rapid mobilization of more than 4,000,000 men.—In July, 1921, the **War Department** announced the payment of $32,688,000 to the British Ministry of Shipping in settlement of claims against the War Department for transportation services during the war. About the same time Secretary

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Weeks stated that more than 21,000 civilian employees of the War Department had been dismissed. In September it was announced that the War Department surplus property sales totaled $1,456,846,000 and that material worth $1,500,000,000 still remained for disposal. In February the War Department ordered a further reduction of 203 officers and 3,000 men in the **American forces in Germany,** leaving in Coblenz fewer than 200 officers and slightly more than 2,000 men. However, one month later the President issued an order for the recall of all those remaining, the withdrawal to be completed by July 1. —The **Army appropriation act** for 1923 provided for a total expenditure of $256,411,169 and an army of 125,000 men.—According to an official statement of the United States Bureau of Budget the government is now paying out over $1,000,000 in cash every day into the hands of **ex-service men** and their dependents; is providing hospital care and treatment to 30,000 veterans at an annual cost of $60,000,000; is giving vocational training to more than 100,000 disabled veterans at an expenditure of $30,000,000 per annum; is conducting over 50,000 medical examinations every month; and is spending in behalf of disabled ex-service men a total of more than $500,000,000 annually. The report shows that up to February 1, 1922, the government had spent for ex-service men a total of $2,702,321,185.

On February 13 Secretary of the Navy Denby recommended to the House Naval Affairs Committee a reduction of the enlisted personnel of the **Navy** from 100,000 to 90,000 exclusive of apprentices. He indicated that his program would effect a saving of about $70,000,000 in the 1923 budget. A few days before, the President had ordered all work stopped on naval construction without waiting for the ratification of the Five Power agreement to limit navies (*cf. supra*, p. 3). The annual Navy bill reported to the House on April 8 proposed to reduce the enlisted personnel to 67,000 men, a force sufficient, according to the committee, to man the eighteen battleships and auxiliary fleet and maintain the 5-5-3 ratio. That it would be sufficient, was strongly denied by Secretary Denby. The proposed reduction was condemned by Admiral Sims. The bill as passed carried appropriations amounting to $294,336,577, sufficient to provide for a personnel of 86,000 men.

In July the President approved Chairman Lasker's **Shipping Board** reorganization plans. Three operating vice-presidents were selected: J. Barston Smull and William J. Love of New York, and A. J. Frey of San Francisco. The seriousness of the depression in the shipping industry was shown by an announcement of the Shipping Board on October 3 stating that of the 1464 vessels under its control only 240 were in service and that 1019 were scheduled for dead mooring upon discharging their cargoes. The Board's attempt to dispose of the wooden fleet constructed during the war has been unsuccessful. It

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was stated on September 29 that the bid of the Ship Construction and Trading Company had been rejected. The company put in a bid of $2,100 per vessel, as compared with the original cost of from $300,000 to $500,000. Last fall the Shipping Board made an inventory of all surplus material and supplies left over from the war period. It was found that the cost value of the materials and supplies was $389,780,000 and that its present value was approximately $75,000,000, exclusive of real estate in New York, fuel oil stations in various parts of the world, and ships and drydocks under construction. In November contracts were signed by the Board for the sale of some 2,000 houses built by the government during the war for housing officers and workmen in the shipbuilding yards. On April 24 the Shipping Board cut its passenger rates below those recently announced by the Lamport and Holt Steamship Company, an important British concern. The action of the company was construed by the Board as a declaration of trade war and an attempt to drive the American flag from the South American passenger trade.—According to the annual report of the Commissioner of Navigation, issued December 15, the **tonnage of American vessels** engaged in foreign trade at the beginning of the fiscal year 1922 was eleven times greater than at the beginning of the Great War. The total number of vessels under American registry was 28,012, with a total gross tonnage of 18,282,136. This was an increase of 12 per cent over the previous fiscal year. The report stated that there were 5,951 vessels with a tonnage of 11,077,000 engaged in foreign trade; 21,478 vessels with a tonnage of 7,163,000 in the coastal trade; and 583 vessels with a tonnage of 41,600 in the fisheries. There were built during the year 1,361 vessels of 2,265,115 gross tons.

According to **foreign trade reports** issued on January 30 by the Department of Commerce our exports to Europe were less by $2,000,000,000 in 1921 as compared with the previous year. For the year 1920 the figures were $4,466,000,000; for 1921, $2,364,000,000. The imports for 1921 aggregated $765,000,000 as compared with $1,228,000,000 in 1921. There was a large reduction likewise in our trade with South America. The total value of American imports and exports domestic and foreign for the year 1921 was $10,170,764,776 as compared with $13,347,340,777 for 1921.

On November 9 the **Census Bureau** announced that on January 1, 1921, there were 13,920,692 foreign-born in the United States. Of these, 6,493,088 were naturalized citizens and 1,223,490 had secured their first papers.

On December 30 Secretary Wallace of the Department of Agriculture issued at the President's request a call for a **national agricultural conference** to consider means for alleviating the prevailing agricultural depression. The Department estimated the value of the impor-

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tant farm crops for 1921 at $5,675,877,000, almost three and a half billion dollars less than the value of the 1920 crops and eight billion dollars less than that of the 1919 crops. The Agricultural Conference met in Washington on January 23 and continued its sessions for five days. It was made up of 325 delegates and included farmers, representatives of agricultural associations, bankers, packers, manufacturers of implements, middlemen and government officials. President Harding in his opening address recommended provision for greater working capital for farmers, the extension of cooperative marketing, wider dissemination of scientific information, the protection of farmers and consumers from violent price fluctuations, and the further development of waterways and reclamation projects. The farmers passed a resolution calling for the limitation of crop acreage until agricultural conditions should improve, and urged the necessity that labor and capital should share in the deflation which had overtaken the farming interests. The Ford Muscle Shoals project and the St. Lawrence-Great Lakes Canal project were approved. Relative to the railway situation, the Conference passed a resolution stating: "We insist that the railroad corporations and railroad labor should share in the deflation in charges now affecting all industry. This is essential to the restoration of normal conditions in agriculture, and it is essential to the welfare of the entire community."

The **Unemployment Conference** called by President Harding began its sessions in Washington on September 26. The proceedings were conducted under the direction of Secretary Hoover. An emergency program was recommended on September 30 for the relief of the unemployed, whose number was estimated at from three to five millions. Some of the more important recommendations for temporary relief were as follows: that the repair and cleaning of houses, hotels and offices be undertaken during the winter instead of in the spring; that cities and states undertake public construction work as early as possible, and that federal authorities and the banks aid in this work; and that in view of the extensive shortage of homes construction work should be undertaken on as large a scale as possible. A few weeks later a program for the permanent recovery from the present depression was issued. The most important features of the plan were as follows: readjustment of railway rates to a fairer basis of the relative value of commodities, with special consideration of the rates on primary commodities; early completion of the tax bill providing for lower rates; completion of tariff legislation as soon as possible; settlement of financial relations between the government and the railways; limitation of armaments; action to check fluctuations in exchange; and plans for remedying the wastes in the so-called seasonal industries. In spite of some improvement in industry there was a serious unemployment problem in many cities throughout the year.

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However, on April 29 Secretary of Labor Davis in a public statement asserted that the industrial conditions in the country were resting on a solid foundation. He pointed to improvements in the building trades, the lumber industry, and increased activities in various lines of manufacturing. He said that practically all state labor departments reported definite improvements, although between one and two million persons were still unemployed.

Late in September the **Interstate Commerce Commission** published its tentative plans for consolidating all of the important railways of the country into nineteen systems as allowed by the Transportation Act of 1920. On October 22 the Commission ordered a twenty-per-cent rate reduction in railway freight tariffs on Western hay and grain, and announced the principle of reasonableness and fairness rather than the basis of operating costs in deciding upon future rates. The railroads which earned more than six per cent on the value of their property during the period from September 1, 1920, to January 1, 1921, were required by an order of the Interstate Commerce Commission, dated January 28, 1922, to turn half of such excess over to the government in accordance with the provisions of the Transportation Act. The United States Supreme Court on February 27 upheld the Commerce Commission in regulating railroad rates within the states of New York and Wisconsin so as to prevent discrimination against interstate rates. This authority was vested in the Commission by the Transportation Act.

The enforcement of national **prohibition** cost the country $6,250,095 for the fiscal year 1921 according to a statement issued at the New York Prohibition headquarters on October 11. During the year 29,114 criminal cases involving violations of the law were begun, 16,610 offenders pleaded guilty, 17,962 were convicted, and 765 were acquitted. At the end of the fiscal year 10,365 cases were pending. The property seizures totaled $10,906,687 in value.—On April 10 National Prohibition Commissioner Roy A. Haynes estimated that the fines collected in enforcing the prohibition law would amount to two and one-half times the $10,000,000 estimated cost of prohibition enforcement for the fiscal year 1922.

Early in May the House Rules Committee reported a resolution authorizing an investigation of charges of laxity in the prosecution of government claims growing out of **war contracts.** Serious complaints had been made in the House against Attorney-General Daugherty's alleged failure to use the means at his disposal for bringing offenders to justice.

**CONGRESS.** — The **special session** of the Sixty-seventh Congress, which was called by President Harding on April 11, continued until November 23. One of the most important measures adopted during the session was the one to regulate interstate and foreign commerce

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in live-stock and dairy products, generally known as the **Packers Bill.** For several years the Western farmers had insisted upon curbing the monopolistic tendencies exhibited by the great packing corporations. Bills designed to remedy existing conditions were pending in both houses many months before either house took definite action. Early in June the House adopted the Haugen Bill which Senator Kenyon declared satisfactory to the packers and which Senator La-Follette charged had been practically drafted by them. This bill struck a deadly blow at the Federal Trade Commission by depriving it of all regulating authority over the packing industry except when called upon by the Secretary of Agriculture to make particular investigations. Great powers of regulation were vested in the Secretary of Agriculture. In the Senate a strong attempt was made by the members of the "agricultural bloc", led by Senators Norris, Kendrick, Kenyon and LaFollette, to substitute the Norris Bill for the Haugen Bill. The former was considerably more sweeping than the latter and proposed to vest in the Federal Trade Commission important administrative control. The substitute amendment was lost by a vote of 34 for to 37 against. One important amendment introduced by Senator Kenyon was, however, adopted by the Senate. This provided for uniform accounting and considerable publicity in regard to the packing industry. The bill which was reported by the conference committee, adopted by both houses, and signed by the President on August 15 was practically the Haugen Bill. Administrative control was vested in the Secretary of Agriculture. The Federal Trade Commission was deprived of most of its regulatory power over the packing industry and the uniform accounting amendment of the Senate was rejected. — The **Supplementary Prohibition Act** was approved by the President on November 23. The Senate Stanley amendment which forbade the search of a person's home or seizure of property without a warrant was substantially modified in conference. The act required prohibition agents to secure warrants only in the case of private residences. The prescription of beer and other malt liquors for medicinal purposes was forbidden and the quantity in which spirituous liquors might be prescribed was limited.—The recent tendency toward federal aid to the states was exemplified by two measures passed during the session. The **Good Roads Bill** provided for the appropriation of $75,000,000 to aid state highway construction, and the **Sheppard-Towner Bill** established machinery and provided funds to the amount of $1,500,000 for the year to aid the states in the protection of maternity and infancy. A Board of Maternity and Infant Hygiene, consisting of the Chief of the Children's Bureau, the Surgeon-General of the United States Public Health Service, and the United States Commissioner of Education, was established, and the Children's Bureau of the Department of Labor was charged with the

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administration of the act. The amount allotted to the several states was made to depend on population and was made available only in case the states provided equal sums for the maintenance of the services and facilities provided by the act. Senator Kenyon carried the brunt of the fight for the measure in the Senate, while Senators Reed and King led the opposition. The President approved the bill on November 23.

The primary reason for calling the special session was the demand for revision of the **tariff and tax laws.** The Emergency Tariff Act passed earlier in the session (*cf.* last RECORD, p. 32) was continued in force until otherwise provided by law. The House on July 21 passed a permanent tariff bill but it was not considered by the Senate. It became one of the chief topics of debate in the regular session.—The **Revenue Act of 1921** was one of the chief accomplishments of the session. On August 17 the Ways and Means Committee presented the bill to the House. It was considered by the House under a drastic "gag rule" which limited general debate to two days, provided that all committee amendments should have precedence over other amendments, and that all amendments should be voted upon together, thus making impossible separate votes on particular amendments. This rule was forced through by the leaders by a vote of 217 to 116. The bill was passed by the House on August 20 by a vote of 274 to 125. The House bill provided for the repeal of the excess-profits tax and the reduction of the maximum surtax on individual incomes from sixty-five per cent to thirty-two per cent. The transportation taxes and the luxury taxes on wearing apparel and soda fountain sales were also abolished. The exemption for heads of families from the normal income tax was raised from $2000 to $2500 and the exemption for dependents from $200 to $400. The tax of 10 per cent on the net income of corporations was increased to 12½ per cent. The bill was estimated to reduce the national revenues by about $600,000,000. — Early in September, Secretary of the Treasury Mellon appeared before the Senate Finance Committee and made a number of important recommendations relative to tax revision. He urged the repeal of the excess profits and transportation taxes, the reduction of the maximum income surtaxes to twenty-five per cent, the increase of the corporation income tax to fifteen per cent, and a tax on proprietary medicines and cosmetics, and the elimination of the capital stock tax. Senator Smoot put forward a suggestion in favor of a manufacturers' sales tax of three per cent which he estimated would yield $1,200,000,000.—In strong contrast with the "steam roller" method employed by the House in its consideration of the Revenue Bill was the deliberate method of the Senate. Almost seven weeks were spent on the bill and more than eight hundred amendments were adopted. Senator Penrose reported the bill from the

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Finance Committee with the House surtax rates of thirty-two per cent. There was such a storm of protest, however, from the "agricultural bloc" that the leaders were forced to compromise. The bill was recommitted and reported back with the rate increased to fifty per cent. This was finally accepted by the Senate and although attacked in conference was finally written into the law. An amendment proposed by Senator Hitchcock to restore the old rate of sixty-five per cent was lost by a vote of 23 for to 43 against. The House bill contained a provision exempting from taxation the American income of foreign investments. Senator LaFollette led the fight against this provision and it was stricken out by a vote of 35 to 30. One of the bitterest contests in the Senate was over the proposal to abolish the excess profits tax. Senator Reed of Missouri forced a vote on this issue by an amendment providing for the continuance of the tax. This was defeated, however, by a vote of 27 for to 39 against. On November 3 the Smoot proposal for a sales tax was defeated by a vote of 43 to 25. Seventeen Republicans joined 26 Democrats in voting down the amendment. The bill with many amendments passed the Senate on November 7. The vote stood as follows: for, 38; against, 24. The bill was sent to conference on November 10. To smooth out the differences between the two houses relative to the income surtax rate, President Harding in a letter to Chairman Fordney of the Ways and Means Committee recommended a compromise rate of forty per cent, but nearly one hundred Republicans joined the Democrats in voting to approve the Senate rate of fifty per cent. Only three Democrats voted with the Republican majority for the lower surtax. The House agreed to the conference report on November 21 and the Senate followed suit two days later. The bill was signed by the President on November 23.—The Norris **Farm Export Bill** had been before the Senate for some days when Senator Kellog of Minnesota introduced a substitute measure more in harmony with the desires of the Administration. The Norris Bill provided for the creation of an independent commission to deal exclusively with exporting and other agricultural problems. The Kellog substitute placed control in the hands of the War Finance Corporation. The substitute measure was accepted by the Senate on August 4, and by the House on August 22, after it had eliminated a provision for the purchase of farm loan bonds to the amount of $100,000,000. In conference the Senate yielded to the House in the question of farm loan bonds. The President approved the bill on August 24. — Although there was much discussion of the proposed bonus or "adjusted compensation" for veterans no action was taken by Congress on this matter. However, the Sweet Law, approved August 9, provided for the establishment of an independent **Veterans' Bureau** to take over the work of the Bureau of War Risk Insurance, the Rehabilitation Divi-

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sion of the Federal Board for Vocational Education, and some of the services relating to ex-soldiers performed by the United States Public Health Service.—On August 24 the urgent **Deficiency Appropriation Bill** for the year 1922 was approved by the President. It carried, among other items, $48,500,000 for the Shipping Board and specifically provided that not more than six officers or employees of the Board should be paid an annual salary in excess of $11,000.—By a law approved November 18 Congress appropriated $4,000,000 for completing the Alaskan railroad. — Congress also extended for a further period the provisions of the District of Columbia Rents Act, approved the Agreement between New York and New Jersey for the development of the port of New York, gave further aid to the federal land banks, and passed a law forbidding gambling in grain futures. Congress adjourned on November 23.

The **first regular session of the Sixty-seventh Congress** convened on December 5. The following day President Harding delivered in person his **annual message** before a joint session of the two houses. The President acknowledged the "really large volume and excellent quality" of the work of Congress during the special session and expressed the belief that "there is vastly greater security, immensely more of the national viewpoint, much larger and prompter accomplishment, where our divisions are along party lines, in the broader and loftier sense, than to divide geographically, or according to pursuits, or personal following". He was in favor of the funding of foreign debts and expressed the hope that changes would be made in the Merchant Marine Act. Late in February the President placed before Congress a plan for ship subsidies. The President urged a more flexible tariff and proposed an extension of the powers of the Tariff Commission. In regard to the proposed American valuation scheme he intimated that it might be made to apply to some commodities and not to others. The message contained a plea for the principles and methods of agricultural cooperation and favored federal aid for land-development projects in which state and private participation are assured. A constitutional amendment to end the issue of non-taxable bonds was suggested.

On the first day of the session the President submitted to Congress the **budget** for the fiscal year ending June 30, 1923, prepared by General Dawes as Director of the Budget in accordance with the provisions of the Budget act of 1921 (*cf.* last RECORD, p. 32). The estimates for 1922 and 1923, as compared with expenditures for 1921, showed substantial decreases. In only two departments were large increases contemplated. The largest item was for the Veterans' Bureau, $438,122,400 for 1922 and $455,232,702 for 1923. The Department of Agriculture proposed to spend for good roads $105,000,000 in 1922 and $125,700,000 the year following, whereas in 1921 only $57,-

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452,000 was spent for this purpose. The December estimates called for an expenditure of $3,809,224,159.53. But the supplemental estimates brought the total amount up to $3,919,558,429.50. The total appropriations made by Congress before the beginning of the new fiscal year amounted to $3,747,035,382.64, making a net reduction by Congress of $172,523,046.86. Some important changes in congressional procedure were made in carrying out the budget law. In the House a single Committee on Appropriations was substituted for the eight separate committees previously reporting spending proposals. A similar change was made by the Senate. Moreover, the appropriation bills were reorganized. Hitherto appropriations for single departments were sometimes scattered through several different measures. The 1923 bills were arranged according to the departments covered and all appropriations for a given department were placed in one bill. The House passed all of the eleven regular appropriation bills by April 19 and all the bills were finally enacted and approved before the beginning of the fiscal year. The various bills, which covered regular, annual and permanent and indefinite appropriations, carried the following amounts: Treasury Department, $1,494,232,219.44; Post Office (payable from postal revenues), $565,064,786.50; Executive Office and Independent Offices, $542,655,771.45; District of Columbia, $38,735,173; Legislative Establishment, $12,789,124.95; Interior Department, $325,128,008.67; Departments of Commerce and Labor, $25,663,165; Department of Agriculture, $59,179,173; War Department, $332,950,792.67; Departments of State and Justice, $28,400,709.16; Navy Department, $297,770,249. Of the total expenditure, $2,274,119,027.01 was for regular annual supply, $1,434,181,182.63 for permanent and indefinite expenditures, and $38,735,173 for increased compensation to employees in the District of Columbia. The largest reductions for 1923 as compared with the previous year were effected in the military and naval establishments. The appropriations for the military establishment, exclusive of permanents, for the fiscal year 1922 aggregated $350,707,538.35. The corresponding figure for the year 1923 is $256,411,169.67, a reduction of $94,296,368.68. The appropriations for 1922 provided for 14,000 officers and 150,000 men while those for the present fiscal year provide for 12,000 officers and 125,000 men. The total naval appropriations, exclusive of permanents, for 1922 were $413,180,960.87; those for the present year, $294,336,577, a reduction of $118,844,383.87. These savings were made possible largely by the action taken by the Washington Conference. The personnel of the navy was reduced from 106,000 in 1922 to 86,000 for the fiscal year 1923. The total gross debt of the United States on June 30, 1922 was $22,963,381,708.31. In criticism of the above figures submitted by Hon. Martin B. Madden, chairman of the House Committee on Appropriations, Hon. Joseph W. Byrns, the ranking minority member

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of the committee, emphasized the point that the reduction in expenditures claimed by the Republicans would be more than offset by the deficiency appropriations that would undoubtedly be necessary during the year 1923. He prophesied a deficit at the close of the year amounting to $900,000,000.—The first measure to pass Congress during the regular session was the First **Deficiency Appropriation Act** for 1922. It was approved on December 15 and carried more than $100,000,000, the largest items being $65,000,000 for the United States Veterans' Bureau, and $25,000,000 for the Bureau of Internal Revenue.

In spite of the fact that the appropriation bills occupied most of the attention of Congress up to the end of the fiscal period, a considerable number of non-financial measures were enacted and in the Senate much consideration was given the Fordney Tariff Bill passed by the House nearly a year ago.—On May 11 the President approved a joint resolution of Congress extending to June 30, 1924, the operation of the three-per-cent **Immigration Act** of 1921 (*cf.* last RECORD, p. 31). To strengthen the restrictions imposed by this law, and in order to prevent the entrance of persons who might apply for admission after brief residence in Mexico, Cuba and Canada, an amendment was added requiring foreigners to live five years in these countries before being admitted. Another amendment imposed a fine of $200 upon steamship companies bringing aliens to this country in excess of the quota allowed and required such companies to refund the passage money to aliens refused admission.—The act to authorize **associations of producers** of agricultural products was signed on February 18. It allowed cooperative buying and selling by farmers. Members were permitted one vote each regardless of the amount of stock held. Dividends were limited to eight per cent and associations were forbidden to deal in the products of non-members to an amount greater in value than such as might be handled by them for their own members. To prevent such associations from monopolizing or restraining interstate and foreign trade to such an extent as to raise prices, the Secretary of Agriculture was given power to bring action in the courts against the associations.—Another law designed to aid the farming interests of the country provided that the President in making **appointments to the Federal Reserve Board** "shall have due regard to a fair representation of the financial, agricultural, industrial and commercial interests, and geographical divisions of the country".—The **Anti-Narcotics Act,** approved on May 26, provided for a Federal Narcotic Control Board, composed of the Secretaries of State, Treasury and Commerce, and made it unlawful to import narcotics, except such as are necessary for medicinal and other legitimate purposes. Heavy penalties for the violation of the act were imposed.—One of the most important measures passed during the session was the **Foreign Debt Funding Act,** approved on February 9. The bill

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had passed the House during the previous session and was reported to the Senate by the Finance Committee about the middle of January. The Senate passed it in an amended form on the last of January by a vote of 39 to 26, all those favoring the bill being Republicans. Three Republican senators, Borah, LaFollette and Norris, voted with the Democrats against the measure. The bill as passed provided for a debt commission of five members with the Secretary of the Treasury as Chairman. Subject to the approval of the President, the commission may refund or convert and extend the time of payment of the principal or the interest or both of "any obligation of any foreign Government now held by the United States or any obligation of any foreign Government hereafter received by the United States (including obligations held by the United States Grain Corporation, the War Department, the Navy Department, or the American Relief Administration), arising out of the World War, into bonds or other obligations of such foreign Government." It was provided, however, that the time of maturity of any obligation should not be extended beyond 1947, and that the rate of interest should not be less than 4¼ per cent. The commission was given no authority to cancel any debt. The efforts to attach to the bill a rider providing for a soldiers' bonus failed. — The **Naval Scrapping Act** gave legislative effect to the treaty limiting naval armaments by authorizing the President to take the steps necessary to scrap a portion of the ships under construction.—On May 11 the President approved an act appropriating $12,000,000 to enable the Director of the United States **Veterans' Bureau** to provide for the construction of additional hospital facilities and to provide medical, surgical and hospital services and supplies for veterans. The act also allowed the Director, subject to the approval of the President, to incur obligations for the above-mentioned purposes to the amount of $5,000,000 additional.—To aid in alleviating the distress caused by the famine in Russia, Congress authorized the President to transfer to American **relief organizations,** out of the surplus supplies of the War and other departments, medicines, medical, surgical and hospital supplies, in an amount not to exceed $4,000,000 original cost to the United States.—By joint resolution, approved April 6, Congress authorized the Secretary of the Treasury to extend, for a period not to exceed twenty-five years, the term of payment of the principal and interest of the debt incurred by **Austria** for the purchase of flour from the United States Grain Corporation.—To relieve the congestion in federal courts, caused to a large extent by the enforcement of national prohibition, Congress provided for twenty-four **additional district judges.** — **Other acts of Congress** provided for the readjustment of the pay of certain men in the Army, the Navy and the Marine Corps and for an increase in the pay of employees in the Patent Office. It was also provided that

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pensions for Civil War veterans be paid monthly instead of quarterly as heretofore.

There was much discussion both in and out of Congress of the bonus or adjusted compensation question. On March 16 Chairman Fordney of the Ways and Means Committee reported the **Bonus Bill** to the House. In his report it was estimated that the entire cost of the proposed legislation would be $4,098,719,350 at the end of twenty years and that almost four and one-half million men would be entitled to select one of the optional plans. The greatest cost in any single year of the adjusted compensation payments was estimated at more than $3,150,000,000 in the fiscal year 1943, when outstanding certificates would mature. While the committee was considering the bonus question the President, Secretary Mellon and the Controller of the Currency, Crissinger, took a determined stand against the proposed legislation. In a letter to Chairman Fordney, dated February 16, the President said, "It continues to be my best judgment that any compensation legislation enacted at this time ought to carry with it the provisions for raising the needed revenues, and I find myself unable to suggest any commendable plan other than that of a general sales tax." In spite of this opposition the House on March 23 passed the Bonus Bill by a vote of 333 to 70, after a four hours' debate. Party lines were broken in the final vote. Of the Republicans, 242 voted for the bill and 42 against it. There were 90 Democratic votes for the bill and 28 against it. Instead of cash payment, twenty-year certificates upon which veterans might borrow were provided for in the bill. Alternative provisions were included for vocational training and farm and home aid. The bill was not passed by the Senate during the period under review.—Another bill which passed the House, but which thus far has failed to be approved by the Senate, is the **Dyer Bill** making **lynching** a federal crime. The vote in the House on January 26 was 230 for and 119 against. Seventeen Republicans voted with the Democrats against the measure while eight Democrats voted with the Republicans for it. The chief argument against the bill was that it constituted an unconstitutional invasion of the police powers of the states.

The **Fordney Tariff Bill,** passed by the House on July 21, 1921, was reported to the Senate on April 11 by Senator Porter J. McCumber, the new chairman of the Finance Committee, who succeeded to this position on the death of Senator Penrose. The specific duties of the Senate bill are higher than those embodied in the House bill, while the ad valorem duties are lower. The Finance Committee rejected the provisions of the House bill assessing duties on the so-called American valuation plan. The report stated that the committee had "endeavored to recommend rates sufficient to maintain essential industries created as a result of the war and considered vital to the

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future industrial independence of the American people". Among the new industries were included coal-tar dyes and medicinal products, long-staple cotton, the hemp industry of Wisconsin, the magnesite and potash mining industry, walnut, almond and citric acids industries of the West, and new chemical and optical glassware manufactures. The Senate bill proposed to give the President authority to modify rates either upward or downward within prescribed limits and in accordance with definite rules laid down by Congress, so that rates might at all times conform to existing conditions, and in certain cases to change the basis for the assessment of ad valorem duties from foreign value to American value. These provisions were criticized as an unconstitutional delegation of legislative powers to the executive. Although much time was devoted to the tariff up to the end of June, the Senate had not passed the measure. The bill was severely criticized by the press, even by journals thoroughly committed to the protective system.

The action of the Senate in the **Newberry case** was also the subject of heated controversy. On January 12 the Senate by a vote of 46 to 41 adopted a resolution declaring Truman H. Newberry entitled to his seat as Senator from Michigan. Those who voted to seat Newberry were all Republicans. Nine Republicans (Borah, Capper, Jones of Washington, Kenyon, Ladd, LaFollette, Norbeck, Norris and Sutherland) voted with thirty-two Democrats against the resolution. After declaring Newberry to be duly elected, the resolution expressed strong disapproval of the expenditure of something like $200,000 in the Michigan primary contest. "The expenditure of such excessive sums in behalf of a candidate," stated the resolution, "either with or without his knowledge and consent, being contrary to sound public policy, harmful to the honor and dignity of the Senate and dangerous to the perpetuity of a free government, such excessive expenditures are hereby severely condemned and disapproved." Senator Kenyon of Iowa said, "We have written our own infamy into this resolution."

**FEDERAL JUDICIARY.** — Among the most important decisions of the United States Supreme Court during the period covered by this record were the following:—The **Nineteenth Amendment** to the Constitution of the United States which prohibits the denial of suffrage on account of sex is not an amendment which because of its character is beyond the amending power prescribed by the Constitution; the state legislatures in ratifying it performed a federal function authorized by the Constitution and were not subject to any limitations sought to be imposed by the people of the states (Leser *v.* Garnett, 42 S. C. R. 217).—The federal government has the power to tax the transmission of legacies and in determining the amount of such a tax to include the value of **municipal bonds,** since the tax is not a direct tax like that on the income from such bonds (Greiner *v.* Lewel-

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lyn, 42 S. C. R. 324).—The **Child Labor Tax Law** of 1919, which imposed a tax of ten per cent of the net income on a person employing child labor, was manifestly passed by Congress to regulate child labor, which is a matter reserved to the states under the Tenth Amendment, and not to collect revenue. It cannot be sustained, therefore, as a valid exercise of the taxing power merely because the penalty attached to a violation of the regulation was designated a tax. "Grant the validity of this law, and all that Congress would need to do, hereafter, in seeking to take over to its control any one of the great number of subjects of public interest, jurisdiction of which the states have never parted with, and which are reserved to them by the Tenth Amendment, would be to enact a detailed measure of complete regulation of the subject and enforce it by a so-called tax upon departures from it" (Bailey *v.* Drexel Furniture Co., 42 S. C. R. 449).—The **Future Trading Act** of Congress taxing contracts for the sale of grain for future delivery and providing for the regulation of boards of trade was overruled on similar grounds (Hill *v.* Wallace, 42 S. C. R. 453).—Congress did not exceed its constitutional power when it passed the **Transportation Act** of 1920 which authorized the Interstate Commerce Commission to prescribe intrastate rates so as to bring them up to the general level of interstate rates, since Congress in developing interstate commerce can impose such reasonable conditions on a state's use of interstate carriers for intrastate commerce as it thinks necessary or desirable. This follows from the supremacy of the national power in this field (Railroad Commission of Wisconsin *v.* C. B. & Q. R. Co., 42 S. C. R. 232).—Moreover, such an order of the Interstate Commerce Commission to prevent **discrimination against interstate commerce** is not invalid as denying a state or its people of property without due process even though the carrier within the state has a charter contract to perform its service at a lower rate (New York *v.* United States, 42 S. C. R. 239). — Congress in passing the **Packers Act** was acting within its power to regulate interstate commerce since the stockyards of the country are public utilities and agencies of interstate commerce (Stafford *v.* Wallace, 42 S. C. R. 397).—The **Merchant Marine Act** of 1920 requiring coastwise commerce to be carried in United States vessels is a regulation of commerce and does not come within the constitutional requirement that all duties, imposts and excises be uniform throughout the United States; and the constitutional provision forbidding preference by any regulation of commerce or revenue to the ports of one state over those of another does not require the ports of a territory to be given the same regulation as those of a state (Territory of Alaska *v.* Troy, 42 S. C. R. 241).—The **Organic Act of Porto Rico** did not incorporate Porto Rico into the Union nor did it extend to the island the provisions of the Bill of Rights. Hence the provision for jury trials was not applied to the island (Balzac *v.*

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People of Porto Rico, 42 S. C. R. 343).—A Chinese laborer unlawfully remaining in the United States without a certificate of residence after the **Immigration Act** of 1917 became operative may be deported by executive proceedings under that act; but a Chinese laborer, regularly admitted, claiming and supporting by evidence, citizenship, must be given a judicial hearing on his claim before deportation in order to satisfy due process (Ng Fung Ho *v.* White, 42 S. C. R. 492).

A state cannot tax the income of the lessee from a lease of restricted **Indian lands** conceded to be an instrumentality used by the United States in carrying out its duties to Indians, since such a tax would constitute a burden on the federal government (Gillespie *v.* Oklahoma, 42 S. C. R. 171).—The law of Congress authorizing a state to tax the shares of **national banking institutions** does not allow the state to levy a tax on such a banking corporation, measured by the value of its shares (First National Bank of Gulfport *v.* Adams, 42 S. C. R. 323).—A state may without violating the Fourteenth Amendment or the commerce clause tax a **membership in the New York Stock Exchange** owned by a resident of the state (Anderson *v.* Durr, 42 S. C. R. 15).—A statute of West Virginia that forbids engaging in the business of **transporting petroleum** in pipe lines without the payment of a tax of two cents for each barrel of oil transported is invalid as a tax on interstate commerce when applied to a company gathering oil in the state and holding the oil in storage for the owners until it receives directions for shipment, as to the oil which is subsequently sent to other states, but which theretofore may be mingled with the general mass of oil in the company's pipes and tanks (Eureka Pipe Line Co. *v.* Hallanan, 42 S. C. R. 101).—A **state tax on a foreign corporation,** which transacts all of its business in the state, computed not alone on the value of its tangible property but also on the volume of its business, including its interstate business, is not invalid as a burden on interstate commerce, especially when the portion of the tax computed on the basis of its interstate business is comparatively small (Hump Hairpin Mfg. Co. *v.* Emmerson, 42 S. C. R. 305).

The **Illinois Public Utilities Act** of 1913, which exempts from its provisions municipal corporations permitted to produce and sell electricity and to fix their own rates, is not invalid as denying equal protection since the classification adopted is not arbitrary in view of the differences between municipal and private corporations (Springfield Gas and Electric Co. *v.* Springfield, 42 S. C. R. 24).—The **law of Mississippi** prohibiting the ownership or operation of cotton gins by any corporation interested in the manufacture of cottonseed oil or meal does not burden interstate commerce even though the corporation operating gins ships all the cotton seed purchased in interstate commerce, since manufacture is not commerce; nor does the law deny equal protection to foreign corporations owning gins in Mississippi,

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since where a foreign corporation has no federal right to do business in a state the state may determine the conditions under which it may do business even to the extent of excluding it altogether (Crescent Cotton Oil Co. *v.* Mississippi, 42 S. C. R. 42). — A state law which provides for the **revocation of licenses of foreign corporations** to do business in the state upon their removal of causes to the federal courts is contrary to the Fourteenth Amendment even as to foreign corporations doing only a domestic business in the state (Terral *v.* Burke Const. Co., 42 S. C. R. 188).—A state statute prescribing the conditions on which **foreign corporations** may do business in the state when applied to the purchase of wheat in the state to be delivered to a carrier for shipment into another state is void under the commerce clause of the Constitution in that it lays a burden on interstate commerce (Dahnke-Walker Milling Co. *v.* Bondurant, 42 S. C. R. 106). — The **North Dakota Grain Grading and Inspection Act** which regulates the inspection, weighing and grading of grain and allows purchases of grain to be made only by those who hold licenses from the state, and which limits the profits of buyers, is, when applied to an elevator company buying grain which it speedily ships to another state, a regulation of interstate commerce and consequently void (Lemke *v.* Farmers' Grain Co., 42 S. C. R. 244).

The provision of the **Clayton Act** of 1914 with reference to injunctions in labor disputes was construed not to forbid **injunctions against picketing** by unions where picketing leads to intimidation and obstruction, no matter how lawful the announced purpose may be. "We think that the strikers and their sympathizers engaged in the economic struggle should be limited to one representative for each point of ingress and egress in the plant or place of business and that all others be enjoined from congregating or loitering at the plant or in the neighboring streets by which access is had to the plant. . . . The purpose should be to prevent the inevitable intimidation of the presence of groups of pickets, but to allow missionaries" (American Steel Foundries *v.* Tri-City Central Trades Council, 42 S. C. R. 72).— The Arizona statute prohibiting the granting of an **injunction against striking employees** for acts which could be enjoined if committed by any other than an employee denies the equal protection of the law to employers (Truax *v.* Corrigan, 42 S. C. R. 124). — In view of various acts of Congress recognizing **trade unions,** such organizations, although unincorporated, are suable in the federal courts for their acts, and their strike funds are subject to execution in suits for torts committed by such unions in strikes (United Mine Workers of America *v.* Coronado Coal Co., 42 S. C. R. 570).—The "**open competition plan**" under which an association of hardwood lumber manufacturers controlling about one-third of the hardwood lumber product of the country exchanged information relative to sales, prices and other business

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matters, for the purpose of stabilizing prices, constitutes a restraint of interstate commerce in violation of the Sherman Act (American Column and Lumber Co. *v.* United States, 42 S. C. R. 114).—A system of merchandizing employed by a manufacturer of food products under which distributors not maintaining the resale prices fixed by the manufacturer are enrolled on a list of **price-cutters** to whom no more goods are sold until they give assurances that such prices will be maintained and that they will not resell to other distributors not maintaining such prices, prevents competition to such an extent as to authorize the Federal Trade Commission to order a discontinuance of the system (Federal Trade Commission *v.* Beech-Nut Packing Co., 42 S. C. R. 150).

For a more extended discussion of the Supreme Court's decisions see Professor Powell's article, "The Supreme Court's Review of Legislation 1921-1922", in POLITICAL SCIENCE QUARTERLY, September, 1922.

**STATE AFFAIRS.** — The only regular **gubernatorial election** in November, 1921, was held **in Virginia.** The Republican candidate was Henry J. Anderson and the Democratic candidate, Senator E. Lee Trinkle. The entire Democratic state ticket was elected. Trinkle's majority was over 60,000. The Democrats also won in a special congressional election in the Ninth District, one that had been represented by a Republican for more than twenty years. — For several years the state of **North Dakota** was under the control of the Non-Partisan League, which put into effect an economic program generally stigmatized as ultra-radical. It included a great state bank, grain elevators and flour mills. For five years the leader of the League in the state was Governor Lynn J. Frazier. Last fall under the provisions of the state constitution a movement was inaugurated to recall several of the state officers including the governor. The Independents nominated as their candidate for governor R. A. Nestos. The **recall election** took place on October 28 and resulted in Frazier's defeat by about 4,000 votes. The majorities of the Independent candidates for Attorney General and Commissioner of Agriculture and Labor were considerably larger. Governor Frazier was the first governor in the United States to be removed from office by the recall method. — In **Maryland and Kentucky** the Democrats regained control of the state legislatures. In the 1920 legislature of Kentucky the senate was evenly divided, each party having 19 members while in the house there were 55 Republicans and 45 Democrats. The new legislature contains 20 Democrats and 18 Republicans in the senate and 67 Democrats and 33 Republicans in the house.—The Republicans retained large though reduced majorities in the legislatures of **New York** and New Jersey. In the former state the Democrats made a net gain of 20 seats in the lower house, which had 95 Republicans and 55 Democrats. The **New Jersey** Republicans secured a majority of 28

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in the assembly and 9 in the senate. — At a special election in **New Mexico** on September 20, H. O. Bursum, Republican, was elected **United States senator** to fill the seat vacated by Secretary Fall. The Democratic candidate was Richard H. Hanna.—In several states the governors made **appointments to the U. S. Senate.** On July 7 Governor Denny of Delaware appointed T. Coleman du Pont, Republican, to succeed Senator Josiah O. Wolcott, Democrat, who had resigned. Governor Sproul of Pennsylvania on January 9 appointed George Wharton Pepper to succeed the late Senator Penrose. On February 17 Charles A. Rawson was appointed by Governor Kendall of Iowa to succeed Senator Kenyon who resigned to become a federal judge. —On May 2 Albert J. Beveridge defeated Senator Harry S. New in the **Indiana Republican primaries** by more than 20,000 votes. Former Governor Samuel M. Ralston was selected as the Democratic candidate for senator. Mr. Beveridge conducted an extensive speaking campaign and thus overcame the advantages enjoyed by his opponent who controlled the party machine and had the support of the National Administration.—Two weeks later Mr. Gifford Pinchot won the **Republican nomination for Governor of Pennsylvania,** having defeated in the state primaries Attorney-General George E. Alter, who was the Republican organization candidate. In the **Iowa Republican primaries** on June 5 Colonel Smith W. Brookhart was nominated for the United States Senate. In the **North Dakota Republican primaries** on June 28 ex-Governor Lynn J. Frazier was nominated for the Senate, in preference to Senator McCumber, Chairman of the Senate Finance Committee. The results of these primary contests gave rise to a widespread belief that the grip of the "Old Guard" politicians in the Republican party was weakening. As the result of the **primaries in Minnesota** on June 19 Mrs. Anna Dickie Olesen was nominated by the Democrats for the United States Senate. Senator Kellog was renominated by the Republicans. On the same day Senator Hale of **Maine** was renominated in the Republican primaries. — In May the voters of **Oregon** recalled from office two public service commissioners following their authorization of substantial increases in telephone rates.

Several states voted on **constitutional amendments** during the year under review, but the number of states so doing and the number of amendments voted on was small as compared with the year previous. The **Louisiana constitutional convention** promulgated a new state constitution without submission to the people. Provision was made for a greater agricultural college, a good roads system, suffrage revision, and a modernized judiciary.—The proposal for a constitutional convention was rejected by the voters of **Pennsylvania** at a special election in September by a large majority. Political leaders of all parties opposed the convention. — **Indiana** at a special election on

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September 6 adopted an amendment to restrict the suffrage to fully naturalized citizens but defeated twelve other amendments. Among those defeated were amendments providing for the veto of items in appropriation bills, for lengthening the terms of state and county officers, for the appointment of the state superintendent of education, for an income tax, and for the admission of colored persons into the militia. — The voters of **Missouri** approved a soldiers' bonus, made women eligible to public office, and authorized a $60,000,000 bond issue for roads.—In **New Mexico** women were made eligible to public office, aliens ineligible to citizenship under federal laws were denied the right to acquire leasehold to real estate, soldiers and sailors were allowed a tax exemption of $2,000, and the issue of highway bonds without submission to the electors was authorized. Several other amendments were defeated. One proposed the creation of a state land commission; another, the enlargement of the powers of the corporation commission; and two others, the repeal of provisions rendering the state superintendent of public instruction and county school superintendents ineligible to serve longer than two successive terms.—The voters of **New York** accepted an amendment providing that no new electors may qualify unless able to read and write English. The legislature was authorized to provide special forms of government for two semi-urban counties, and the jurisdiction of children's courts was broadened. The attempt to undermine the civil service system of the state by giving preference to soldiers and sailors was decisively defeated, as was the proposal to increase the salaries of members of the legislature.—The **Texas constitution** was amended to provide that all electors must be citizens, but proposals for salary increases were defeated. — Although the opponents of the Non-Partisan League in **North Dakota** were successful in having several state officers recalled (*cf. supra*, p. 42), they failed to secure the adoption of an initiated law providing for the liquidation of the State Bank of North Dakota.

Almost all of the states have made some **provisions to aid war veterans.** These laws have taken various forms, including cash bonuses, monetary aid or relief, exemptions and similar benefits. The only state forced to give up bonus legislation was New York, where the Court of Appeals on August 31 held that the Soldiers' Bonus Act appropriating $45,000,000, approved by the voters, was unconstitutional as issuing public credit for private benefit. The following are some of the amounts issued in bonds by several states: Massachusetts, $32,000,000; Michigan, $30,000,000; Minnesota, $20,905,000; New Jersey, $12,000,000; Ohio, $25,000,000; Maine, $3,000,000; New Hampshire, $1,000,000; Rhode Island, $2,500,000; South Dakota, $6,000,000; Vermont, $1,500,000; Washington, $11,000,000. In March, 1922, bond issues to the following amounts were awaiting popular ratification:

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California, $10,000,000; Illinois, $55,000,000; Iowa, $22,000,000; Kansas, $25,000,000; Montana, $4,500,000; and Pennsylvania, $35,000,000. The state of North Dakota was paying a higher bonus than any other state, $25 per month for every month's service.

Less than one-fourth of the **state legislatures** held regular sessions during the period under review. On March 1, Governor Ritchie of **Maryland** signed the state reorganization bill enacted by the state legislature. The new law, which will go into effect January 1, 1923, divides practically all of the administrative agencies of the state into nineteen groups. Single persons are to head nine departments while commissions are to control the rest. The department of finance will be administered by the comptroller, elected by the people, the treasurer, appointed by the legislature, and the board of public works, consisting of the governor, the comptroller and the treasurer. — The **New Jersey** session was marked by bitter disagreement between Governor Edwards, Democrat, and the Republican majorities in the two houses. The last day of the session, March 16, was spent in passing numerous measures over the Governor's veto. Some of the most important of these were: provision for prohibition enforcement; a $40,000,000 bond issue for public highways; the Bridge and Tunnel Commission reorganization; the repeal of the excess crew law; the annual appropriation measure carrying $13,600,000 for the fiscal year beginning July 1; and a resolution accepting the provisions of the federal Sheppard-Towner Maternity law. During the closing hours of the session the senate refused to pass over the governor's veto the Anti-Saloon League bill requiring the taking down of screens and curtains in places where beverages are served and where pool and billiards are played. Another bill passed over the governor's veto provided for increasing the State Constabulary. On March 9 the assembly voted down the optional city manager bill which was strongly advocated by the League of Women Voters. — The **New York legislature** adjourned on March 18 after having passed a large number of highly important measures. Probably the most important constitutional amendment approved by the 1922 legislature was the Tolbert-Ullman amendment providing for a certain amount of municipal home rule. If the 1923 legislature also approves, it will then go to the voters for approval. For many years the cities of the state have been agitating for greater control over their local affairs. The annual appropriation bill carried almost $103,000,000. But in addition to this there were many other appropriations made for specific purposes. These included $5,500,000 for rural post roads, $6,150,000 for the improvement of county highways, $5,500,000 for the New York-New Jersey vehicular tunnel, $1,300,000 for canal improvement, $2,500,000 for forest preserves, and $1,000,000 for veterans' relief. The legislature approved the Port Authority plan for developing the port of New York in

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preference to the plan advocated by the New York City administration. Nine of the eighteen bills presented to the legislature by the Lockwood Housing Commission were passed by the two houses. These measures permit life-insurance companies to invest ten per cent of their assets in the erection of buildings for dwelling purposes; extend the emergency rent laws for New York until February 15, 1924; extend the tax-exemption building law until April 1, 1923; grant to mutual insurance companies the same rights to do business in the state as stock companies, subject to the supervision of the Superintendent of Insurance; prevent mutual companies from becoming stock insurance companies; and fix assessments as the basis for determining the reasonableness of rents. One measure which the committee considered of the greatest importance, that for the establishment of a trade commission for suppressing combinations in restraint of trade, was killed by the assembly rules committee. The legislature also passed a law simplifying election procedure. One section of the law provides that election officers may accept, in lieu of an examination of literacy at the registration place, a certificate of literacy issued by school officials, public or otherwise, under rules issued by the board of regents. It was also provided that women should have representation on county party committees. The state workmen's compensation law was revised and simplified in the interest of workingmen. Several welfare laws were enacted during the session. Two measures outline the functions of the children's courts and boards of child welfare under the constitutional amendment adopted last November, and in accordance with the governor's recommendation further provision was made for the care of the blind, deaf and dumb by the state. Largely on account of Governor Miller's opposition, the provisions of the federal Sheppard-Towner maternity law were not accepted. Instead, the state legislature by enacting the Davenport Bill entered upon a maternity and infancy program to be carried out as an exclusively state function. There was appropriated for this purpose $130,000. No action was taken on health insurance, the eight-hour day, and the minimum wage proposals.—The most bitterly fought contest in the **Virginia legislature** was that waged over the Adams-Jeffreys motion picture censorship bill. The measure was finally adopted by large majorities in both houses. By its provisions exhibitors are required to secure a license for every picture shown. A board of three censors was created to pass on all films and to bar those which are obscene, vulgar, or likely to incite crime.—The 1922 **legislature of Massachusetts** made a thorough revision of the state banking laws to cure the defects brought to light by the notorious Ponzi scandal of 1920. Legislation was adopted to relieve congestion in the courts. It was based upon the results of the investigations of a special commission on judicature. Another measure of

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importance was that creating a new state department of administration and finance as the result of the recommendations made by a special commission on state administration and expenditures. The legislature also provided for a landing field for airplanes in Boston. The movement to increase control over jails and reformatories failed because of the strenuous opposition of local political leaders. The legislature defeated Mayor Curley's attempt to carry out his campaign pledge for a five-cent fare in Boston by the plan of throwing the burden of deficits on the taxpayers. The whole question of transportation charges was referred to the Public Utilities Commission with instructions to make a report to the next session of the legislature.— Governor Campbell of **Arizona** called a special session of the legislature last April. On his recommendation the legislature passed a comprehensive state financial code. It was provided that in the future, appropriations to carry on the activities of the government must be included in a single appropriation bill which is to accompany the governor's budget. One hundred and seventy-nine continuing, revenue, and indefinite appropriations were abolished. The code abolished all special funds with the exception of the permanent funds prescribed by law and grouped them in the general fund. State agencies were prohibited from spending more than one-fourth of their appropriations during any quarter except after securing the approval of the governor and the auditor jointly.

During the year 1921 there were 64 **lynchings** in the United States. They were distributed among the states as follows: Alabama, 2 (1 white); Arkansas, 6; Florida, 5 (1 white); Georgia, 14 (1 woman); Kentucky, 1; Louisiana, 5 (1 white); Mississippi, 13 (1 white); Missouri, 1; North Carolina, 4; South Carolina, 5; Tennessee, 1 (white); Texas, 6 (1 white); Virginia, 1. In 18 cases the alleged offense was murder, and in 19, assault on white women. The other offenses were of a miscellaneous character. In 32 cases, just one-half of the total number of lynchings, the victims were taken from peace officers and jails. During the first half of the year 1922 there occurred in the United States 30 lynchings. Twelve occurred in Texas; 7 in Mississippi; 4 in Georgia; 2 in Arkansas; and one in each of the following states: Alabama, Florida, Louisiana, Oklahoma and South Carolina.

**MUNICIPAL AFFAIRS.**— During the period under review there have been many important city **elections.** Probably the one that called forth the greatest interest was that in **New York City.** On January 1, 1918, John F. Hylan became mayor of New York, having decisively defeated John Purroy Mitchel, candidate for reelection on the fusion ticket. Hylan had been supported by the Hearst papers and by the Tammany Hall Democratic organization. During his first term the mayor was severely criticized by most of the great newspapers. Only the Hearst papers were loyal to him. The mayor's

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attitude toward the traction problem was particularly condemned as representing only stupid obstructionism. On the other hand the stand he took against any increase in fares undoubtedly strengthened him with a large majority of the people. The 1921 Republican legislature of the state practically insured the mayor's reelection by passing laws vesting in a state transit commission almost complete control over the city's transportation facilities, and by providing for a legislative committee to investigate the Hylan administration. The mayor insisted, and evidently the people generally believed, that the transit act was merely the first step in the direction of increased fares. It was also opposed on the ground that it violated the principle of home rule. The transit commission on September 30 issued a preliminary report recommending a plan for municipal ownership of all railway lines in the city, payment therefor to be made on the basis of an honest valuation irrespective of capitalization and book values. Fares were to be based on the actual cost of operation. This tentative plan was vigorously opposed by the city administration but was generally approved by the press. The transit issue was the chief issue in the fall campaign. The legislative investigating committee did not convince the public that the Hylan administration was very corrupt and inefficient but it did convince the people that its object was to discredit the administration. The investigation was undoubtedly a strong factor in aiding the administration. The primary elections were held on September 13. The Democrats renominated Mayor Hylan and Comptroller Craig without opposition. Murray Hulbert, commissioner of docks, was selected as candidate for president of the board of aldermen. In the Republican primaries there were four candidates for mayor, but Henry H. Curran, president of the borough of Manhattan, won easily. He received 30,000 more votes than all of his opponents combined. Senator Charles C. Lockwood and Vincent Gilroy, an independent Democrat, were selected as candidates for comptroller and president of the board of aldermen. From the very beginning the odds were strongly in favor of the Democrats. Their organization was good while there was dissatisfaction among certain Republicans who had wished to place in the field a straight Republican ticket. Nor did the coalition candidates arouse much enthusiasm. They were greatly embarrassed by the fact that the people considered them the choice of Governor Miller, who was highly unpopular with the voters. In the November election Hylan was reelected by a plurality of almost 418,000. The vote stood as follows: Curran, Republican - Coalition, 336,888; Hylan, Democrat, 754,874; Panken, Socialist, 83,209. Comptroller Craig's plurality was 249,252 and Hulbert was elected president of the board of aldermen by a plurality of 268,728. The Democrats elected by large majorities the five borough presidents and also fifty of the sixty-five city aldermen.

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—The **municipal election in Cleveland** on November 8 was one of the most interesting in the United States for many years. The most important issue was the adoption of the charter amendment providing for the city-manager plan of government with a council elected according to the Hare system of proportional representation. This amendment, to the surprise of its friends and opponents alike, was adopted by a majority of almost 20,000. In the mayoralty contest there were seven candidates. Two were endorsed by the regular party organizations while five ran independently. Since 1913 nomination by petition and preferential voting had prevailed in Cleveland, but until 1921 all the mayors elected had the endorsement of political parties. In the last election, however, the voters repudiated both organization candidates and elected Mr. Fred Kohler, an independent Republican, who had formerly served as chief of police under Tom L. Johnson and Newton D. Baker, but who had been removed from office on the basis of charges of gross immorality and conduct unbecoming an officer.—The **Boston election,** held on December 13, resulted in the election of ex-Mayor James M. Curley, who was defeated four years previously by Mayor Peters, the "reform candidate". Curley received a plurality of 2,700 votes over John R. Murphy, the candidate of the Good Government Association. Curley was opposed by almost all of the city newspapers and received but little assistance from the recognized political leaders. Two of the three councilmen elected were in sympathy with Curley.—The voters of **Detroit** at the November election reelected Mayor James Couzens by a vote of two to one. This result indicated the popular endorsement of the mayor's municipal ownership program. — **Indianapolis** elected as mayor Samuel L. Shank, Republican, by a majority of some 20,000. — In **Buffalo** Frank X. Schwab, a brewer, whose chief plank was the modification of the Volstead Act, was elected mayor.—**Pittsburgh** elected William A. Magee, Republican, and former state public service commissioner, as mayor by a large majority.—**Scranton** and **Lancaster** elected Democratic mayors. Lancaster had been in the continuous control of the Republicans for twenty-five years.—In **Schenectady,** New York, Mayor George R. Lunn, Democrat, was reelected for a fourth term.—**Louisville** elected a Republican mayor in spite of the Democratic landslide in Kentucky. — In **Bridgeport,** Connecticut, Mayor Wilson, Republican, who had served for ten years, was defeated. — The Republicans won a sweeping victory in **Cincinnati,** while independent candidates for the city commission were selected in preference to the Socialist candidates in **Dayton.**—**Albany** for some twenty years was in the control of the Republicans whose recognized leader is William Barnes. In November the Republican candidate for mayor, William Van Rensselaer Erving, was defeated by the Democratic candidate, William S. Hackett.—In **Syra-**

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**cuse,** the home town of Governor Miller, the Republican ticket was defeated for the first time in fifteen years. John H. Waldrath, Democrat, was elected mayor by a plurality of about 7,000.—In New York state the Republicans were successful in twenty-two mayoralty contests, and the Democrats in fifteen.

In a considerable number of cities **charter-revision** movements are under way. In accordance with the law passed in 1921 Governor Miller of New York appointed a charter commission of fifteen members to make a study of the **New York City charter** and to make recommendations as to needed changes. The mayor, the comptroller, one borough president and one alderman are members of the charter commission. An administrative code is also to be formulated.—At a special election in August the voters of **Columbus,** Ohio, defeated a proposed amendment to abolish the preferential ballot for the election of the mayor, auditor and city attorney.—The **new Cleveland charter** approved at the November election provides for a council of twenty-five members to be chosen from four districts in each of which the Hare system of proportional representation is to be used. The several districts were drawn so as to give each an economic and social homogeneity. The council will select the city manager, who, according to the charter, "shall be chosen solely on the basis of his executive and administrative qualifications and need not when appointed be a resident of the city or state". No member of the council may be chosen manager. The manager is to make all appointments in the administrative departments and in this matter the council is expressly forbidden to interfere.—At the November election in **Toledo** the voters defeated a proposal to substitute a small council of seven for the present council of twenty.—The proposed charter for **St. Paul,** drafted by a charter commission and providing for a complex scheme of organization with many departments and boards, to be substituted for the present commission plan, was defeated on December 29 by a vote of 15,937 for and 21,551 against.—The attempt to substitute a "federal" form of city government in place of the city-manager form failed in **Kalamazoo** at the election in October.—At an election in **Denver** last fall a series of initiated charter amendments designed to modify the city's short-ballot charter failed of adoption. The amendments would have increased the city council from nine to seventeen, reduced the number of the mayor's appointees, added seventeen elective officers, and abolished preferential voting.—At a special election in November the voters of **Kansas City,** Missouri, adopted a proposition to revise the city charter. All but one of the members of the "boss" ticket for members of the charter commission were elected. Efforts to secure the submission of a city-manager charter are being made.—Recent efforts to abolish the city-manager system in **Pontiac** and **Otsego,** Michigan, were decisively defeated.—**Altoona,**

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Pennsylvania, which for several years carried on its government under the city-manager system, in January restored the commission plan. The manager system rested on an ordinance of the city council.—The recent short-ballot charter for **Louisville** which was adopted by the Kentucky legislature was vetoed by the governor. — On April 3 the proposed amendments to the **Grand Rapids** charter, which would have meant a return to the aldermanic system, were defeated by a comfortable majority.—The attempt to provide for a combined county and city government in **Alameda county,** California, failed. On November 15 a combined county-city manager charter was voted on. All the small cities voted against the charter while Oakland voted for it. The total vote on the proposition was only thirty-five per cent of the registration. The next step was for the board of freeholders to reconvene and adjust the provisions as to boundaries to comprise merely Oakland and two towns, Emeryville and Piedmont. Another election was held on February 7 on the question of the acceptance of the charter for a united city and county of Oakland. Because of the opposition to the division of Alameda county this charter was defeated. — A board of freeholders for **Butte county,** California, began work in April on the revision of the county charter. The county-manager plan is being considered.—In **Sacramento** county, California, the February election for freeholders resulted in the choice of the entire ticket pledged to the submission of a county-manager charter. —A **New York** constitutional amendment adopted last November permits the legislature to provide new forms of government in Nassau and Westchester counties. Both of these counties border on New York City.—A movement for constitutional home rule for counties has been inaugurated in **Michigan.** — The office of county manager was established in **Milwaukee** county last August. The manager has control over the county institutions under a new board of trustees.

The city council of **Philadelphia** adopted the policy of city-wide municipal street cleaning, beginning January 1, 1922. Philadelphia has long been the object of criticism on account of the inefficient private-contract system which prevailed. — The voters of **Berkeley,** California, recently approved a zoning ordinance adopted a year ago by the city council. The ordinance provided for regulation of the use of property only, seven classes of use districts being recognized, one for general residence, two kinds of business districts, two kinds of industrial districts, and two kinds of special use districts. — The **San Francisco zone ordinance** was adopted on October 3. Its restrictions are practically all on the use of property with few limitations on the height of buildings. The ordinance divides the city into first and second residential, commercial, light industrial, heavy industrial, and unrestricted districts.—The common council of **Syracuse,** New York, adopted a zoning ordinance on January 30.—The Texas court recently

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sustained the **Dallas** municipal authorities in dismissing certain firemen of the city who had violated a city ordinance forbidding them to be members of a union affiliated with the American Federation of Labor.—At the present time thirty-eight cities have been zoned and in forty-two others **zoning** is in progress.

The list of cities having **city managers** continues to grow rapidly. The 1921 Yearbook of the City Managers' Association stated that by July, 1921, the total number of American municipalities operating under or pledged to the city-manager form of government was 245, a gain of 60 over the number reported a year previous. Among the 245 were included 239 in the United States and 6 in Canada. The list has been considerably lengthened since July, 1921. On June 1, 1922, the number of cities under city managers was approximately 280. Of this number, 201 provided for the manager system by charter. In the others the system rests upon city ordinances. These are found chiefly in the states where city-manager charters are not yet legalized. During the period under review the following cities, each with more than 10,000 inhabitants, were added to the city-manager column: Glendale, California; New London and Stratford, Connecticut; Columbus, Georgia; Michigan City, Indiana; Salina, Kansas; Benton Harbor, Escanaba and Muskegon Heights, Michigan; Cleveland and Cleveland Heights, Ohio; Sapulpa, Oklahoma; Astoria, Oregon; Alexandria, Virginia; and Janesville and Kenosha, Wisconsin. There are at present six cities with populations exceeding 100,000 which have adopted the manager plan. They are: Grand Rapids, Michigan; Akron, Cleveland and Dayton, Ohio; Nashville, Tennessee; and Norfolk, Virginia.

**CAPITAL AND LABOR.**—The year under review witnessed many serious labor difficulties. Attempts on the part of employers to reduce wages and to reestablish the principles of the "open shop" were fruitful of industrial disputes. During the winter months there was widespread unemployment accompanied by the usual suffering on the part of the workers. The most serious disturbances occurred in the building trades, the clothing industry, and in mining. The general tendency has been decidedly in the direction of decreased wages.

After several months of idleness in the **building trades in Chicago** the employers and most of the unions agreed to have Judge Landis arbitrate the dispute. The award was made on September 7. Reductions in wages varying from ten to thirty-three per cent were ordered. The new schedule provided that the highest rate per hour be $1.12½ for fire-proofers and $1.10 for bricklayers. The lowest rate of wages set in the award was 47½ cents an hour for excavating labor. Plumbers' wages were fixed at 95 cents an hour. The wages in force at the time work stopped in May were $1.25 an hour for skilled labor and $1.00 an hour for common labor. The award concerned itself not

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only with wages, but also laid down certain principles relative to working agreements. Among these were the following: There shall be no restriction as to the amount of work a man may do, nor as to the use of machinery, methods or appliances, nor against any raw or manufactured material except prison-made; employers may employ or discharge whomsoever of the union they please and employees may work for whomsoever they see fit; and the foreman, if any, is to be exclusively the agent of the employer. These principles established a complete recognition of the open shop and consequently were satisfactory to the employers and equally unsatisfactory to the unions. Among the terms under which Judge Landis was chosen arbitrator was a provision that on or before February 1, 1922, a scale of wages should be fixed for the year beginning on May 31, 1922. In fulfilment of this provision Judge Landis issued in January a scale which was slightly higher than that awarded in September. The September scale did not apply to all the crafts, since some of them had refused to arbitrate and some of those that had agreed refused to live up to what they considered an unfair schedule. When it appeared that the award would not be respected a Citizens' Committee to Enforce the Landis Award was formed. It consisted of bankers, lawyers and merchants not themselves directly engaged in building operations. The committee attempted to induce contractors to have no dealings with those who refused to abide by the award. Thereupon the Carpenters' Union instituted proceedings in the superior court of Cook County for an injunction to prevent the committee from placing a boycott against the union. In this attempt the union failed. Although the committee and employers forced the open shop in numerous cases, in others employers and unionists made agreements contrary to the award. The whole procedure left much bad feeling, which broke out in open war on May 10 when open-shop glaziers' plants were bombed. As a result, wholesale police raids were made on union headquarters and more than two hundred labor leaders, including "Big Tim" Murphy, Cornelius Shea and Fred Mader, President of the Building Trades Council, were arrested. Since then some buildings in the process of construction under the Landis award have been fired.—The Chicago district locals of the United Brick and Clay Workers of America and certain employers entered into an agreement last fall, effective November 1 to April 30, 1923, which provided for a reduction of wages amounting to 12½ per cent but continued the old working conditions practically intact.—In the **Cincinnati building trades,** when employers and employees could not agree as to a revision of wages, both sides agreed that Rabbi David Phillipson arbitrate the dispute. Early in October a scale embodying reductions of about 14 per cent was announced. This scale was not satisfactory and a considerably higher scale was agreed upon by both parties for

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the year following December 12, 1921. The employers explained that this action was taken after full consultation. — The dispute in the **Pittsburgh building trades,** which had hampered construction work since June 1, was settled in September by an agreement effective from September, 1921, to February, 1923. It provided against sympathetic strikes and for the arbitration of local disputes. The eight-hour day and the 44-hour week were accepted. Wages were set at one dollar an hour with time and one-half for overtime and double time for Sunday and holiday work. It further provided that there be no restriction on output, on the use of machinery, or on the use of any material except prison-made. Only union men were to be employed and provisions were made for the employment and wages of apprentices.—According to the December 29, 1921, issue of the *Builders' Exchange*, the wage board for the **San Francisco building industry** in December handed down its decision for the year 1922. A small decrease in wages was ordered.—In December the **Lockwood Housing Committee of the New York legislature** warned trade-unionists in the state that certain abuses and regulations tending to decrease efficiency would have to be eliminated or legislative action to eliminate them would be taken. Among the matters receiving attention were: restrictions on membership, high initiation fees, and limitations on apprentices. On January 10 the Building Trades Council unanimously approved resolutions covering practically all of the suggestions made by the committee.

Early in July a strike was declared by the **Philadelphia Cloak and Skirt Makers' Union** against local jobbers, submanufacturers and contractors. The strike was settled in August by an agreement signed by the Mutual Protective Cloak and Suit Manufacturers' Association and the Joint Board of the Cloak and Skirt Makers' Union. The agreement provided for a closed union shop, a 44-hour week, and time and one-half for overtime. The minimum wage scale fixed varied from $50 weekly for cloak and skirt makers to $30 weekly for button sewers. The weekly wages of workers paid more than the minimum scale were to be fixed by the shop committee representing the union in each shop and by the employers of such shop according to the efficiency of the worker. — After a four weeks' strike in the **Chicago cloak and suit industry** the International Ladies' Garment Workers' Union entered into an agreement with the Chicago Cloak and Suit Manufacturers' Association providing for a minimum scale of wages to be fixed by a shop committee comprising representatives of the union in each shop and representatives of the employers.—One of the most noteworthy labor struggles of the year was the **strike of the International Ladies' Garment Workers' Union in New York.** The strike began on November 14, after the Cloak, Suit and Skirt Manufacturers' Protective Association had violated its agreement with the

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workers by attempting to reintroduce piece work and the 48-hour week in the place of time work and the 44-hour week. Some 60,000 workers were involved. The union finally secured an injunction against the employers forbidding them to break their contract, which was to run until June, 1922. The use of the injunction by labor against capital received much publicity and was by no means universally approved by labor leaders, who for many years had sought the elimination of that weapon from industrial warfare. Morris Hillquit, chief counsel for the union in this suit, made the following statement relative to this matter: "One of the principal merits of the precedent established in the present suit is that it will tend to make injunctions less popular with employers. I hope it will lead to a radical limitation and eventually the complete abolition of judicial interference in labor disputes by means of injunctions."—The **Amalgamated Clothing Workers** of America through its president, Sidney Hillman, made a three-year agreement, effective May 1, with the Association of Chicago Clothing Manufacturers. The Amalgamated has about 50,000 members in Chicago. The agreement provided for a cut in wages averaging slightly less than ten per cent but the machinery of job control, arbitration and negotiation was retained intact.

A wage reduction of twenty per cent and a proposed increase of working time from 48 hours to 54 hours by the New England mill owners led to widespread strikes among the **textile workers** in Massachusetts, New Hampshire and Rhode Island early in 1922. State troops were sent into several districts in Rhode Island to preserve order and several strikers were killed in Pawtucket in clashes with police authorities. The contest involved some 100,000 workers, many of whom have been on strike for several months. The mill-owners claimed that the reason for the wage reduction and the lengthening of the working day was their inability to compete with southern mills. In Manchester, New Hampshire, where the largest textile mill in the United States, Amoskeag, is located, the United Textile Workers recently published in several local newspapers the findings of experts relative to the financial operations of this plant. These showed exceedingly large profits for the company. Another seat of serious trouble is Lawrence, Massachusetts. At the close of the period under review the struggle was still going on throughout the New England mill districts.—The strike of the **cotton mill operatives in North Carolina,** which began in February, 1921, ended in August with the complete victory of the owners. Wage reductions ranging from thirty-eight to fifty per cent were made.

Probably the most serious labor disturbances of the year occurred in the coal industry. The struggle in the **West Virginia mines** has been going on continually for more than two years. At times it has broken out in open warfare. In August an armed band of several

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thousand miners attempted to march into Mingo county and forcibly unionize the field. State forces were hastily mobilized to oppose them. The governor called upon the federal government for help and President Harding on August 30 ordered the insurrectionists to disperse by noon September 1. The proclamation was disregarded and a small force of soldiers under Brigadier General Bandholtz was sent into the troubled area. There was but little fighting and large numbers of the miners surrendered their arms while the rest dispersed to their homes. The fundamental cause of the trouble was that the mine operators refused to employ union miners while the United Mine Workers were determined to unionize the fields. The miners claimed that the operators employed large numbers of private detectives to browbeat the workers. The Senate Committee on Education and Labor made a report on the West Virginia coal fields after hearings and personal investigations. It stated that there had been violations of law on both sides of the controversy, that the United Mine Workers committed acts of violence which were absolutely unjustifiable and that the operators had been guilty of practices that could not be defended. The committee characterized the operators' practice of paying the wages of deputy sheriffs as a vicious and un-American policy. One incident of the struggle in West Virginia was the issuance by Judge A. B. Anderson of the federal district court at Indianapolis of an injunction against the United Mine Workers, ordering them to cease their attempts to unionize, even by peaceful means, the Williamson coal field in West Virginia. He also enjoined the "check off" system, but this injunction was later overruled by the court of appeals. In April the West Virginia contest was merged with the general coal strike.

The **great strike of the coal miners** began on April 1, the wage scale between the miners and the owners having expired on March 31 and the owners having refused to meet representatives of the unions for the establishment of a further agreement. The miners demanded the maintenance of the wage scale made in 1920, while the operators desired reductions ranging from seventeen to forty per cent. The operators also demanded the abolition of the "check off" system by which unions require employers to collect union dues for them by deducting the amount of a miner's dues from his wages. The men, moreover, wished to have the new agreement continue to cover the entire central competitive region, including Pennsylvania, Indiana, Illinois and Ohio, while the owners insisted upon separate agreements. A survey of the nation-wide coal strike, published May 28 by the Federal Council of the Churches of Christ in America, brought out the fact that about 515,000 miners, including 117,000 non-union men, had quit work. It was estimated that 121,000 non-union men, producing about 4,000,000 tons weekly, were at work. The coal re-

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serves which on April 1 amounted to 63,000,000 tons had been reduced to 40,000,000 tons at the end of May. The report declared that the principal cause of frequent idleness in the coal fields was over-development. During the last weeks in June the strike in southern Illinois developed into serious warfare. At Herrin several strikers and a score of strike-breakers were killed when the union strikers attempted to close down a mine recently opened with imported non-union men. An attempt to settle the strike was made during the last days of June when President Harding ordered a conference of the operators and the miners' representatives.

There has been considerable labor difficulty in the **railroad industry,** caused chiefly by sweeping wage reductions. The most serious crisis came in October. On July 1 the Railway Labor Board had ordered a wage reduction amounting to 12½ per cent, and on October 14 the railway executives decided to ask the Board for a further reduction of 10 per cent, this saving to be passed on to the shippers by a rate reduction. This would have meant the taking from employees about $300,000,000 per annum and the saving of as much to the shippers. On the following day the railway unions answered with a strike order calling out on October 30 some 500,000 men in first instance and intimating that it would be extended to include 2,000,000 men by November 2. President Harding at once took action to prevent a general railroad strike. The Labor group of the Labor Board presented to the President a proposal that the unions accept the 12½ per cent reduction ordered in July but that freight reductions be made at once equivalent to the saving in wages. On October 27 the heads of the railway labor unions cancelled their strike order after a conference with the Labor Board. The July wage reductions were accepted but the Board promised that it would not consider further reductions until it had completed its work relative to rules and working conditions. The unions claimed a victory in preventing the threatened further wage reduction of ten per cent.—On December 1 the Railway Labor Board handed down a decision promulgating 148 new working rules to govern the employment of the six federated railroad shop crafts and taking the place of the national agreement entered into by the United States Railroad Administration and the railroad employees. The decision definitely recognized the open-shop principle.—On May 28 the Railway Labor Board issued an order for wage reductions, effective July 1, which it was estimated would cut $48,000,000 from the annual railroad payrolls. The decision affected approximately 400,000 maintenance-of-way men and ordered a reduction of about thirteen per cent. On June 6 the Board ordered a new cut of seven cents an hour for shop mechanics and other railroad workers. After this wage cut was announced, the heads of eleven railroad unions decided to meet in conference at Cincinnati to order strike votes.

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On June 27 it was announced that a strike would begin on July 1 unless these wage reductions were cancelled. During the last days of the month the President took steps to have the decisions of the Labor Board carried out and to have the strike settled.

Early in September Secretary of the Navy Denby approved the report of the Departmental Wage Board of Review of the Navy Department recommending wage cuts of about eighteen per cent for some 60,000 **civilian workers in the navy yards.** One thousand dollars was fixed as the minimum wage of a laborer with a family. According to the report the recommended wages were forty-five per cent above those prevailing in 1913 while the cost of living was eighty per cent higher.—Early in 1921 new agreements were signed by the United States Shipping Board, deep-water steamship lines, and contracting stevedores of the port of Boston and the **International Longshoremen's Association.** The new contracts provided for the preferential shop, the eight-hour basic day, and the settlement of controversies by a committee composed of both parties. The contracts were to remain in effect until October 1, 1922. Similar agreements were made in October covering Hampton Roads and vicinity and the port of New York. — The New York **Photo Engravers'** Union No. 1 and the Photo Engravers' Board of Trade of New York renewed their collective agreement for 1922. The contract provided for the closed union shop, 44-hour week for day work, and 40-hour week for night work.—In August substantial reductions in wages were made by the **paper mills** of the United States and Canada, and also by the **United States Steel Corporation.**

The **American Federation of Labor** held its forty-second annual convention in Cincinnati during the latter part of June. Samuel Gompers was elected President for the forty-first time. One of the bitterest controversies of the session was fought over a resolution favoring the recognition of the Soviet Government by the United States, but the resolution was decisively defeated by Gompers and his followers. Among the resolutions adopted by the convention were the following: repeal of the Sherman anti-trust law and the adoption of amendments to the constitution providing for the prohibition of child labor; prohibition of the enactment of any law or judicial determination denying the workers the right to organize, to deal collectively with employers, and to strike or boycott; authority for Congress to veto decisions of the United States Supreme Court by re-passing by a two-thirds majority any law declared unconstitutional; and the adoption of a method to make easier the amendment of the federal Constitution.

**TERRITORIES AND DEPENDENCIES.** — In his first annual report, made public December 6, Governor S. C. Bond of **Alaska** declared that the government must adopt a policy which will attract

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capital and settlers to the territory. Liberal mining and land laws, framed to meet the needs of Alaska, and better postal and transportation facilities were among his more specific recommendations. The Harding administration is in sympathy with these proposals. — The report of the "Special Mission of Investigation to the **Philippine Islands**" (*cf.* last RECORD, p. 55) was submitted on October 8. After rendering an exhaustive account of conditions in the islands, the Mission went on record as opposed to granting the Filipinos independence at the present time. To do so, the Commissioners believed, would "be a betrayal of the Philippine people, a misfortune to the American people, a distinct step backward in the path of progress, and a discreditable neglect of our national duty". Among other things, the report further recommended that the Governor-General be given authority commensurate with the responsibilities of his position. To this end it called upon Congress to repeal the Jones Bill, passed by the 67th Congress, which limits the authority of the Filipino Chief Executive. Two days prior to submission of the report, General Leonard Wood, chairman of the investigating Mission, retired from the army and became Governor-General of the islands. Under his administration a number of important financial changes have been undertaken. Early in August M. Araullo was selected as Chief Justice for the Philippines. — In March H. A. Baldwin was elected delegate to Congress from **Hawaii**. — The administration of **Porto Rico** by Governor E. M. Reily has met with decided opposition during the year. Representatives of the Unionist party of the islands charged him with maladministration in office and with making illegal removals and appointments. In March Felix C. Davila, resident commissioner from Porto Rico, demanded the Governor's removal on the ground of official misconduct and unfitness to hold office. Reily asserted that the charges were untrue and were brought against him for political reasons.—In July Secretary of War Weeks abolished the office of United States Marshal and Assistant United States Marshal in the **Panama Canal Zone**. During the same month residents of the **Virgin Islands** protested against payment of an income tax levied by Congress without consulting the Colonial Council.

### III. MEXICO AND THE CARIBBEAN STATES

**MEXICO.**—The outstanding feature in Mexican political life during the year under review has been the unrelenting effort on the part of the Obregon government to secure **recognition**, especially by the United States. Prior to last July several powers had already recognized the new government (*cf.* last RECORD, p. 56), and on the twenty-first of that month Spain and Japan extended formal recognition. The United States demanded, as the price of recognition, that Mexico first sign a treaty (*cf.* last RECORD, p. 57) agreeing to modify her con-

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stitution and make certain pledges regarding property and taxation which would be beneficial to citizens of the United States. This the Mexican government refused to do. On September 1 President Obregon declared that the signing of such a treaty with the United States was "neither possible, convenient nor necessary"; that to grant special privileges to Americans at the expense of the Mexicans was uncalled for, unjustified, and had no precedent in the practice of civilized nations. Recognition by the United States has thus far been withheld. Meanwhile agitation against the Obregon government has been continued. In January Thomas F. Lee, Executive Director of the National Association for the Protection of American Rights in Mexico, was forced to resign upon publication of a letter in which he promised to aid any "aggressive Mexican" in an attempt to overthrow President Obregon. In April United States Senator King of Utah, in a sensational attack on the Mexican government, alleged that 40,000 Americans had been illegally deprived of property worth more than $500,000,000, and that over 1,000 Americans had been murdered in Mexico. He demanded reparations, suggesting a blockade of Mexican ports if they were not granted.

Smarting under the competition of British **oil interests,** who, having consented to pay the Mexican oil export tax, were exporting large quantities of raw petroleum, and apparently fearful lest Washington might fail to force Obregon to sign the much-desired treaty, representatives of American oil producers arranged a conference with Mexican officials. At this six-day parley, concluded September 3, an agreement was reached respecting the export tax. Negotiations continued and early in May announcement was made that with the adjustment of the production tax the last subject of controversy between the companies and the Mexican government had been settled; Mexico received in taxes due $6,750,000 or forty per cent of the amount claimed. Meanwhile the Mexican Supreme Court ruled, in the case of the Texas Oil Company, that Article 27 of the Constitution was not retroactive.

During the year the Obregon government exhibited great vigor in its conduct of **domestic affairs.** Peace was maintained, the numerous petty revolts and revolutions being promptly crushed; the educational system was overhauled; the army was reduced to 50,000 men and discharged soldiers were given an opportunity to settle on reclaimed land; the railroads were reorganized, port congestion relieved, hundreds of thousands of acres of land expropriated from the large haciendas and given to the peasants, and an attempt made to reorganize the nation's finances and meet her **foreign obligations.** Mexico's total guaranteed debt in default since 1914 amounts to $322,000,000, and her unguaranteed railroad debt is $230,000,000. The amount of interest in default on January 1 was still $111,000,000, and

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overdue sinking-fund payments amounted to $20,000,000. The International Bankers' Committee, consisting of representatives of the United States, Great Britain, France, Holland, Belgium and Switzerland, last April submitted a plan for funding these debts. President Obregon on April 30, in an address to European and American business men, promised safety for foreign investments.

**THE CARIBBEAN STATES.**—Under the administration of President Zayas conditions in **Cuba** have improved throughout the year. As a member of a Cuban commission to review financial conditions, General Crowder has been instrumental in reducing expenses, increasing government funds, and rewriting the Cuban tariff law. Under his direction the government budget was reduced from $143,000,000 to $54,742,588. On January 25 it was announced that a syndicate of New York bankers, headed by J. P. Morgan and Company, had made a preliminary loan of $5,000,000. It was subsequently stated that a long-term loan of $50,000,000 would be made as soon as the Cubans could take care of the additional burden. The National City Bank of New York already has a heavy lien on important sugar properties in Camaguez Province. In Cuba much bitterness was expressed against the pending United States tariff. Last February Cuban sugar-producers reported that C. C. Hamlin of Denver, Colorado, representing the beet-sugar interests of the United States, had proposed that Cuba limit this year's sugar crop to 2,500,000 tons in exchange for a $1.40 tariff as against $2.00 for other countries. President Zayas called a meeting of planters and government officials, and on March 1 they declined the proposal. Following this rejection, fires of unknown origin destroyed over a million tons of cane. At the request of the Cuban government, American troops were removed from Camaguez in January.

On July 27 the United States Senate adopted a resolution providing for an investigation of American occupation and administration in **Haiti and Santo Domingo.** At the same time an organization called the Haiti and Santo Domingo Independence Society was formed in New York City for the purpose of exposing and correcting American maladministration. A special committee, under the chairmanship of Medill McCormick, appointed by the United States Senate to investigate American naval administration in Haiti and Santo Domingo, reported in December that United States marines, for the time being, should not be withdrawn from the islands. It exonerated the marines of charges of atrocities, urged a definite policy which would make clear that annexation was not intended, and advocated the centralization of American control, the extension of road-building and educational and sanitary work, the appointment of a high commissioner to whom both civil and military authorities should report, and continuance of the treaty forced upon **Haiti** and of the American

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civil staff. The report contained no analysis of the charge of brutality made by Haitians against the marines. The Haiti and Santo Domingo Independence Society declared that the report of the committee was an irrevocable blot upon the good name of the United States. Professor Pierre Hudicourt, member of the Hague Court of Arbitration and a native of Haiti, testifying before the Senate Investigating Committee on February 8, asserted that John A. McIlhenny, appointed as financial adviser to Haiti by President Wilson, was interested in a scheme to force upon Haiti a loan of $14,000,000 contrary to the wishes of the Haitian people. The National City Bank of New York, the Haitian-American Sugar Corporation, and R. E. Forrest, President of the West Indies Trading Company, he stated, were the parties interested in the loan. Out of this loan, he further declared, Vice-President Farnham of the National City Bank would receive immediately $1,621,500 in payment for a railway which the Haitians never bargained for; $6,668,980 of the loan would be used to pay off the French debt; $965,000 would be used for the internal debt; and approximately $1,545,800 would be expended for roads and irrigation projects to benefit American land-grabbers. On February 15 Brigadier-General John H. Russell of the United States Marine Corps was appointed High Commissioner to Haiti. The United States Senate was not consulted and President Harding, in reply to a resolution of that body requesting information concerning the High Commissioner's instructions, refused to give information on the ground that to do so would be incompatible with public interest. In Haiti the mission of the High Commissioner was considered to be that of securing authority from Haitian officials for the proposed loan. On April 11 Luis Borno, a prominent Haitian attorney and member of the Cabinet, was elected President of the Republic by unanimous vote of the Legislature. He was inaugurated on May 15 and in a message to President Harding promised loyal cooperation with the United States.

The experience of **Santo Domingo** during the year has been similar to that of her sister-republic. Following the proclamation of June, 1921 (*cf.* last RECORD, pp. 57-58), the American authorities on July 14 issued a decree ordering elections on August 13. In an address before the Foreign Policy Association, H. G. Knowles, former United States Minister to Santo Domingo, stated that the election was illegally conducted and that the United States had used its military power to coerce duly elected members of the Dominican government to vote against their will for a president who would be the tool of the United States. This statement was subsequently substantiated by United States Senator Borah. In April a Dominican loan of $6,700,000, against which the people of Santo Domingo protested last autumn, was placed on sale in New York by a syndicate of American

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bankers. At the same time the Dominican military government (American) guaranteed the acceptance and validation of the issue by any government of the republic as a "legal, binding and irrevocable obligation". During the same month it was officially announced that the American marines would not be withdrawn until July 1, 1924. Meanwhile an external loan of $10,000,000 is to be arranged.

Owing to her differences with Panama the public debt of **Costa Rica** has increased about $7,500,000, or $100 per capita. Representatives of a group of New York banking institutions arrived in Costa Rica on June 4 to study economic conditions in Central America.— In **Guatemala** a brief revolt, headed by General Isidor Valdez, was suppressed on August 6. Indian uprisings were also crushed during the same month. On December 5 the government of Carlos Herrera was overthrown and a provisional government proclaimed by Generals José Lima and Orellana and M. Larrave. On February 15 General Orellana was elected president. The new government was recognized by the United States on April 15. The overthrow of Herrera virtually led to the break-up of the Central American Union (*cf.* last RECORD, p. 14). — **Honduras** on April 22 took issue with the United States over the ownership of the Swan Islands and protested against their occupation by the United Fruit Company. — In **Nicaragua** the Chamorro government is very unpopular and depends for its existence largely upon the support of the United States. The finances of the republic are administered by a High Commission consisting of one representative of the Nicaraguan government, one of the United States State Department, and one representing American bondholders. In August a formidable revolt was crushed on the Honduras frontier. This was followed on December 10 by a serious clash between American marines and civilians at Managua. On January 24 a fight at the same place between marines and police resulted in court-martial proceedings and a civilian petition for withdrawal of the marines. Despite the arrest in April of 300 members of the Liberal party, who were charged with revolutionary activities, a brief insurrection against the government occurred on May 21. A warning from the American minister, J. E. Ramer, contributed to the restoration of order.— **Panama's** independence was finally recognized by Colombia on December 24.—Hard times, disorder and threatened revolts have kept **Salvador** under martial law during the greater part of the year.

## IV. SOUTH AMERICA

**THE ABC POWERS.**—Conditions in the **Argentine Republic** have shown marked improvement during the year; trade increased, unemployment diminished, and a steady flow of immigrants, especially from Germany and Spain, poured in. According to recent statistics,

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the population of the country is now 8,698,516. In August the government negotiated a two-year loan of $50,000,000 at seven per cent from the Chase National Bank of New York City. As a result of general elections Marcelo T. de Alvear, candidate of the Radical party, was elected President, thus insuring further development of the Irigoyen program. Both the Conservative and Socialist candidates were overwhelmingly defeated. In revising the Criminal Code the Argentine Congress abolished capital punishment. — Intense excitement prevailed in **Brazil** following the April presidential election in which Dr. Arturo Bernardes closely defeated Nilo Pecanha.—The cabinet of **Chile** resigned on July 25 following Senate disapproval of a decree granting rate increases and certain other concessions to an English railroad engaged in transporting nitrate from the Tarapaca Province. A new government was formed under the leadership of H. T. Caso, leader of the Radical party; E. B. Jarpa, a Liberal, was chosen Foreign Minister. Senator Malaquias, founder of the Chilean Labor party and Chile's foremost social economist, died on August 5.

**SMALLER STATES.** — By accepting a loan of $20,000,000 from American bankers, **Bolivia** plans to reduce the interest on her national debt and construct new railways.—To promote harmony between the Executive and Legislative body the cabinet of **Colombia** resigned on September 4. In the presidential election of February 12 Señor Pedro Nel Ospina, Conservative, defeated Don Benjamin Herrera, Liberal. The election was held on account of the resignation of President M. F. Suarez in November due to opposition by Congress to his policies. Suarez was succeeded by Jorge Holguin as Provisional President. The Standard Oil Company of California has acquired a majority interest in the holdings of the Transcontinental Oil Company, the Midland Colombian and the Arkansas National Gas Company, all owning extensive property in Colombia.—In **Ecuador** a law has been enacted by which imports of machinery and raw material for industrial purposes, as well as capital for investment in industries, are exempt from any national or municipal tax. — During the year hundreds of Mennonites from the United States and Canada have settled in **Paraguay;** on July 22 a law was enacted exempting sons of Mennonites from military service and granting them 5,000 acres for colonization. Eusebio Ayala has been appointed to serve out the unexpired term of the ex-President, Gondra, owing to revolutionary movements. — In July **Peru** celebrated the centennial of her independence. The Peruvian Congress has authorized a $30,000,000 loan from New York bankers.—An eight per cent loan of $7,500,000 was made to the government of **Uruguay** in August by American bankers.—General José Manuel Hernandez, leader of many revolutions in **Venezuela,** died on August 25. General Juan Vicente Gomez was elected President of the Republic for 1922-29. (*Cf. supra,* International Relations, pp. 22-23.)

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## V. THE BRITISH EMPIRE

**GREAT BRITAIN AND IRELAND.**—The Lloyd George Coalition Ministry, although it has been vigorously criticized and even sometimes defeated in the House of Commons on matters of small importance, has been able to retain control of the government throughout the period under review. There has been much speculation as to when a general election would be called, but until the end of June no action was taken in this matter. Only a few **changes in the cabinet** occurred. On July 14 Dr. Christopher Addison, who had formerly been Minister of Health and more recently Minister Without Portfolio, resigned from the cabinet. In a letter to the Prime Minister, Dr. Addison contended that the hasty abandonment of his housing plans by the government on the ground of economy was a betrayal of solemn pledges to the people. Mr. Lloyd George replied that time would be given to the new Minister, Sir Alfred Mond, to put the housing schemes on a more business-like footing. On October 15 Sir Eric Geddes resigned as Minister of Transport. While this ministry wound up its business the Parliamentary Under-Secretary, Mr. Neal, was in charge of the department. The publication in London on March 8 of a message from the Government of India recommending a revision of the Sèvres Treaty (*cf. supra*, p. 17) in order to satisfy Mohammedan feeling in India caused Lloyd George to request the immediate resignation of Edwin S. Montagu, Secretary of State for India, who had authorized the publication. The Prime Minister claimed that the action of Mr. Montagu violated the fundamental principle of collective cabinet responsibility, since the cabinet had not been informed relative to the letter before its publication. In a speech before his constituents Mr. Montagu defended the course he had followed and declared that the Prime Minister's statement relative to the violation of cabinet responsibility was merely a pretext and that the actual reason for his dismissal was the Prime Minister's desire to placate the Unionist "die hards" whose opposition to him was of long standing. As a successor to Mr. Montagu the Prime Minister selected Viscount Peel, Chancellor of the Duchy of Lancaster and Minister of Transport.—Probably the most serious **cabinet crisis** of Mr. Lloyd George's administration occurred early in March. For some time there had been considerable dissatisfaction with the Coalition on the part of certain Unionists lead by Sir George Younger, Chairman of the National Unionist Association, and when the Unionist leader in a speech ventured to criticize the terms upon which the Prime Minister and Mr. Chamberlain had agreed to cooperate in the next general election, Mr. Lloyd George in a conversation with Mr. Chamberlain made it clear that his position as head of the Government would become intolerable if these criticisms from responsible

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Unionists continued. If such things should happen again he would resign. The Prime Minister's Unionist colleagues at once came to his support, both Sir Arthur Balfour and Lord Birkenhead making strong pleas for the continuance of the Coalition. However, the Unionist party held a meeting attended by more than two hundred members of the House, who declined to pass a pro-Coalition resolution and a vote of confidence in Unionist leaders in the cabinet. The situation was such that before going to the Genoa conference (*cf. supra*, p. 11) the Prime Minister demanded a vote of confidence from the House of Commons. Although the resolution was not couched in terms as broad as the Prime Minister might have desired, the majority in its favor was substantial, 372 voting for the Government motion and 94 against it.

From the general election in December, 1918, to the end of 1921, there occurred sixty parliamentary **by-elections**. As a result the Liberals gained four seats and lost one; Labor gained nine seats and lost two; Independents gained three seats; the Coalition lost fifteen seats and gained two. During the first half of 1922 Labor made three additional gains; the Liberals, one; and the Conservatives, three. The Coalition retained three seats for which contests were held.—The final results of the **London County Council elections** were made known early in March. The new Council consists of 82 Municipal Reformers, 26 Progressives and 16 Laborites. The former Council contained 68 Municipal Reformers, 39 Progressives and 16 Laborites. There were 98 Municipal Reform candidates, 50 Progressive candidates and 96 Labor candidates. The outstanding feature of the election was the defeat of the Labor-Socialist attack upon the London Government.

Parliament was in session until the middle of November except for an adjournment from the middle of August to the middle of October. The **Finance Act** of 1921 continued various customs duties and increased medicine duties. An additional duty of 12*s.* 6*d.* was placed on sparkling wines. Certain additional duties imposed on cigars by the Finance Act of 1920 were repealed. The income and super-tax rates remained the same (*cf.* last RECORD, p. 61). During the debates on the super-tax the Government was defeated by a small majority when a Coalition Unionist's amendment was carried. The Government made no move to resign. The total supplementary estimates submitted by the Government to Parliament in the fall amounted to £89,000,000. Of this sum £36,000,000 was for liquidation of railway and canal agreements and £15,000,000 for the Corn Production Guarantee.—The **Corn Production Acts** of 1917 and 1920 were repealed because of the heavy drain on the Treasury and because Ministers admitted that they had not been successful in promoting production. They declined to continue indefinitely to subsidize one industry.—

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The **Housing Act** of 1921 extended the provisions of the Act of 1919 which prescribed the conditions under which grants may be made to persons building houses, and dealt with the execution of works by the local authorities in connection with housing schemes.—The **Licensing Act,** regulating the sale of liquors, fixed permitted hours of sale and prescribed the strength of spirits.—The **National Health Insurance Act** provided that the sum to be retained by the Minister of Health under the Insurance Act of 1911 out of each weekly contribution should in the case of a male insured person be *2* 2/9 pence instead of 2⅓ pence, and, in the case of a woman, 1⅘ pence instead of 1 11/12 pence. The amount to be carried to the Contingencies Fund and the Central Fund under the Act of 1918 was placed at 5/9 of a penny in the case of a man and ⅖ of a penny in case of a woman, instead of ⅔ of a penny and ½ penny respectively. Another Act provided for the temporary extension of the period during which persons unemployed may remain insured under the general provisions of the National Health Insurance Acts.—The **Public Health Act** of 1921 made further provision with respect to the arrangements by local authorities for the treatment of tuberculosis by authorizing councils to make provision for after-care.—The **Railways Act** provided for the regrouping of British railway lines into six large systems. A new rate tribunal was created and provisions were made for the establishment of councils to settle disputes regarding wages and working conditions.—The **Safeguarding of Industries Act** provided for the protection of key industries and the prevention of dumping. One section provided that there be charged, on goods specified in the schedule, customs duties equal to one-third of the value of the goods. Goods consigned from and grown, produced or manufactured in the British Empire were exempted. The section on dumping related to goods manufactured outside of the United Kingdom and sold at prices below the cost of production or at prices which because of depreciation in value of foreign currency were below the prices at which similar goods could be manufactured in the United Kingdom.—Several **unemployment insurance acts** were passed. One of them provided that the unemployment benefit should be at the weekly rate of 15*s.* for men and 12*s.* for women. It also raised the rate of contribution. Another act made provision for payments to unemployed workers' dependents.

The **Imperial Conference** which convened in June (*cf.* last RECORD, p. 64) lasted until August 5. The meeting was generally considered a success in that it brought about a better understanding among the component parts of the Empire. The following resolution was adopted: "The Prime Ministers of the United Kingdom and the Dominions, having carefully considered the recommendation of the Imperial War Conference of 1917 that a special Imperial Conference

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should be summoned as soon as possible after the war to consider the constitutional relation of the component parts of the Empire, have reached the following conclusions: (a) Continuous consultation, to which the Prime Ministers attach no less importance than the Imperial War Conference of 1917, can only be secured by a substantial improvement in the communications between the component parts of the Empire. Having regard to the constitutional developments since 1917, no advantage is to be gained by holding a constitutional conference; (b) The Prime Ministers of the United Kingdom and the Dominions and the Representatives of India should aim at meeting annually, or at such longer intervals as may prove feasible; (c) The existing practice of direct communication between the Prime Ministers of the United Kingdom and the Dominions, as well as the right of the latter to nominate Cabinet Ministers to represent them in consultation with the Prime Minister of the United Kingdom, are maintained." Recommendations relative to imperial defense were deferred until after the Washington Conference.

Parliament was opened on February 7. The **King's speech** commended highly the accomplishments of the Washington Conference as inaugurating a new era in international relations. There were a number of divisions during the **debate on the reply to the King's speech.** In the House of Lords Lord Londonderry's amendment demanding the maintenance of the integrity of the area given to the Northern Government of Ireland was defeated by the Government, but its majority fell to 7. In the House of Commons the Labor attack on the Government because of its alleged failure to deal with unemployment was defeated on a division by 270 votes to 78. Mr. Asquith challenged the Government on the ground of its extravagance, which had "imposed on the country a crushing burden of taxation". He criticized the Government for withholding the Geddes report on possible "cuts" in expenditures and intimated that the Government would not follow the suggested reductions. The Chancellor of the Exchequer, Sir R. Horne, admitted that not all the suggestions of the report could be followed, but assured the House that a decrease in expenditures amounting to £40,000,000 would be possible. On the division 92 members voted for the amendment while 241 sustained the ministry. The amendment censuring the Government's India policy and directed against Mr. Montagu's administration was defeated by 248 votes to 64.

Last fall, in view of the pressing demand for further **economies in the public service,** a commission with Sir Eric Geddes at its head was established to make recommendations relative to the reduction of the estimates for the year 1922-3. The commission was asked to suggest reductions amounting to £100,000,000. Among the largest cuts recommended were the following: navy, £21,000,000; army, £20,-

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conference with the British Government and Sir James Craig, Premier of Ulster (*cf.* last RECORD, p. 67). The invitation was accepted and on July 9 an order was issued for a truce, effective on July 11, between the Crown forces in Ireland and the Irish "Republican" army. On July 12 the Irish representatives, Eamon De Valera, Arthur Griffith, Austin Stack, R. C. Burton, Lord Mayor O'Neill of Dublin, Count Plunkett and Erskine Childers, arrived in London and during the days following held a number of conferences with the British Prime Minister. The Ulster cabinet meetings disclosed an unyielding attitude toward proposals to diminish the powers of the Northern Parliament. Here was the chief difficulty, for Southern Ireland insisted upon a unified Ireland while Northern Ireland was determined not to be brought in any way under the control of the South. On August 5 notices for a full meeting of the Dail Eireann on August 16 were sent out, and on the same day Dublin Castle announced the unconditional release of all its members. During this period the truce was generally observed in Southern Ireland but in Ulster, particularly in Belfast, serious riots, resulting in a score of deaths, occurred. During the first stages of the negotiations Premier Smuts of South Africa acted as an intermediary. In a letter to De Valera he expressed the belief that Ulster ought to agree to come into a union but he would not attempt to force her to do so. He advised a free constitution for the rest of Ireland and thought that if this were once established, economic forces would eventually bring about a united Ireland. On August 14 three notes were given to the public disclosing the positions taken by Lloyd George and De Valera at the outset of the negotiations. The following were the chief points of the British Government's offer: full Dominion status forthwith, and complete autonomy in taxation and finance; Ireland to maintain her own law courts and judges, her own military forces for home defense, and her own police; Ireland to take over the Irish postal, health, education, and other services; Irishmen to be left to determine whether the proposed new powers shall be taken over by Ireland as a whole or separately by Southern and Northern Ireland, with or without a joint authority to harmonize their common interests. Several conditions, however, were declared vital: the Royal Navy alone must control the seas around Ireland, and must have in Irish harbors and on Irish coasts the rights and liberties essential for naval purposes; the Irish Territorial Force shall, within reasonable limits, conform in number to the military establishments of the other part of the islands; Great Britain shall have all necessary facilities for the development in Ireland of defense and communication by air; voluntary recruiting for the regular naval, military and air forces of the Empire is to be permitted throughout Ireland; no protection duties or other restrictions shall be placed by either the British or

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000,000; and education, £18,000,000. Early in March Sir Robert Horne, Chancellor of the Exchequer, announced to the House of Commons the extent to which the Government would adopt the economy proposals of the Geddes Committee. Instead of a reduction of £18,000,000 for education the Government would accept a reduction of £6,500,000. On the navy the Government would save £10,000,000; and on the army £17,000,000. — During March the **estimates** for various services submitted to Parliament indicated a budget of approximately £900,000,000 distributed as follows: army, £62,300,000; navy, £64,883,700; air, £10,500,000; civil services, £383,551,648; and Consolidated Fund services £370,000,000. These estimates were £145,000,000 less than the original estimates of the year previous. — In his **budget speech** on May 1 Sir Robert Horne announced a reduction of the standard income tax rate from 6*s.* to 5*s.* in the pound; he also promised lower postal rates and lower duties on tea, cocoa, coffee and chicory, as well as a diminution of the assessment rates on land. The Chancellor stated that the external debt had been reduced by £170,000,000; the floating debt by £246,000,000; and the maturing debt by £260,000,000; and £88,000,000 had been added to the reduction of the deadweight debt. On the basis of the proposed new tax law he estimated a total revenue of £910,755,000, of which Customs and Excise were expected to yield £273,000,000 and special receipts, £90,000,000. Mr. Asquith in criticizing the budget proposals called the Chancellor's scheme "a gamble", since, he said, the surplus was an artificial one created by borrowing in order to make remissions in taxation.

As usual, Parliament was concerned chiefly with financial affairs from March to June, but a few important non-financial measures were enacted. On the last of March the Royal Assent was given to the Irish Free State (Agreement) Bill (*cf. infra*, p. 72). — Early in June the King signed the **Empire Settlement Act** which authorized the Secretary of State for Colonies to formulate schemes for the development of land settlement and for facilitating settlement in or migration to any part of the Empire. For the promotion of these schemes the sum of £1,500,000 was provided for the current year. This was to be raised to £3,000,000 in subsequent years.—On June 1 James Arthur **Balfour,** recently made the Earl of Balfour, formally took his seat in the House of Lords amid impressive ceremonies.—The attempt of Lady Rhondda, a peeress in her own right, to assert the **right of women to sit in the House of Lords** was overruled in the Committee on Privileges on May 9 by a vote of 20 to 4. The decision affected some twenty women holding peerages.

The long series of negotiations between representatives of England and **Ireland** which began early in 1921 (*cf.* last RECORD, p. 66) at last bore fruit. On June 24 Lloyd George addressed a personal letter to Eamon De Valera inviting him to come to London to attend a

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the Irish Government on the flow of transport, trade and commerce between any parts of the British Isles; and Ireland shall assume responsibility for a share of the national debt and of the liability for war pensions, the share (failing agreement) to be determined by arbitration. In his reply, dated August 10, De Valera stated that the conditions attached to the British offer involved a control which Ireland could not admit. He described Dominion status as illusory. He thought that the Dominions' freedom from interference was due chiefly to the distances that separated them from England and that the most explicit guarantees including the Dominions' acknowledged right to secede would be necessary to secure for Ireland an equal degree of freedom. As for the issue between the political minority and the great majority of the Irish people, that was a question for the Irish people to settle. The statement concluded with the declaration that the road to peace and understanding was open. Lloyd George's reply of August 13 declared that no British Government could ever grant Ireland the right to secede. "The geographical propinquity of Ireland to the British Isles is a fundamental fact." On August 25 De Valera sent the Dail Eireann's reply to the Prime Minister's note of August 13. It repudiated the argument of "geographical propinquity" but suggested that the Dail Eireann was ready to appoint plenipotentiaries to secure a peace based on the principle of "the consent of the governed". Lloyd George's reply showed disappointment with the Dail's communication, and reiterated his absolute rejection of Irish independence but expressed willingness to continue negotiations. However, when the Irish Parliament declared that it had not receded from its former position and stated that the British offer sought to divide Ireland into two artificial states, Mr. Lloyd George called a cabinet meeting at Inverness, Scotland. After the meeting he replied that nothing could be gained by further conferences if the Irish insisted upon independence; but he added, "His Majesty's Government must therefore ask for a definite reply as to whether you are prepared to enter a conference to ascertain how the association of Ireland with the community of nations known as the British Empire can best be reconciled with Irish national aspirations." After a considerable number of letters had been exchanged it was decided to hold a **conference in London** on October 11. The English delegates to the conference were: Lloyd George, Lord Birkenhead (Lord Chancellor), Sir Hamar Greenwood (Chief Secretary for Ireland), Austin Chamberlain (Government Leader in the House of Commons), Sir Laming Worthington-Evans (Secretary for War) and Winston Spencer Churchill (Colonial Secretary). The Irish delegates were: Arthur Griffith, Michael Collins, R. C. Barton, Gavan Duffy and E. J. Duggan. On October 31 Unionists in the House of Commons brought forward a vote of censure on

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the Government because of its policy of negotiating with Sinn Fein, but they were defeated ten to one, the vote being: for the motion, 43; against, 439. The negotiations continued until December 6, when a **treaty of agreement between England and Ireland** was signed by the delegates. This agreement came as a pleasant surprise because it was believed that the delegates were far apart and that the conference would result in failure.

The chief provisions of the treaty were as follows: Ireland shall have the same constitutional status in the Empire that the self-governing Dominions enjoy, with a Parliament having powers to make laws for peace and order, and a responsible executive. It is to be styled the **Irish Free State.** A representative of the Crown in Ireland shall be appointed in like manner as the Governor-General of Canada. Members of the Irish Parliament are to take an oath of allegiance to the Constitution of the Irish Free State and to the Crown. The Irish Free State shall assume its share of the public debt of the United Kingdom and make provision for war pensions. In case of a failure to agree on the amount the matter shall be arbitrated by one or more independent persons being citizens of the British Empire. Until an agreement is made by the two governments whereby the Irish State undertakes her own coastal defense, defense by sea of Great Britain and Ireland shall be undertaken by the British navy. Ireland shall afford to His Majesty's imperial force (a) in time of peace certain specified harbor and other facilities and (b) in time of war such harbor and other facilities as the British Government may require. Irish armaments shall not exceed in size such proportion of the British military establishments as that which the population of Ireland bears to the population of Great Britain. The ports of Great Britain and the Irish State shall be freely open to the ships of the other country on the payment of the customary port and other dues. Until the expiration of one month from the passing of the Act of Parliament for the ratification of this instrument, the powers of the Parliament and the Government of the Irish Free State shall not be exercisable as respects Northern Ireland, and the provisions of the Government of Ireland Act of 1920 shall, so far as they relate to Northern Ireland, remain of full force and effect, and no election shall be held for the return of members to serve in the Parliament of the Irish Free State for the constituencies of Northern Ireland unless a resolution is passed by both houses of the Parliament of Northern Ireland in favor of holding such elections before the end of said month. If before the expiration of one month an address is presented to the British Government by the Houses of the Northern Parliament to the effect that Northern Ireland excludes herself, a commission consisting of three persons, one appointed by the Government of the Irish Free State, one by the Government of

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Northern Ireland, and a third by the British Government, shall determine in accordance with the wishes of the inhabitants, so far as may be compatible with economic and geographical conditions, the boundaries between Northern Ireland and the Free State. If after one month Northern Ireland has not excluded herself, the Parliament of Northern Ireland shall continue to exercise the powers conferred by the act of 1920; but in relation to matters in respect of which the Parliament of Northern Ireland has not the power to make laws under that act (including matters which, under said act, are within the jurisdiction of the Council of Ireland), the Parliament of the Free State shall have the same powers in Northern Ireland as in the rest of Ireland. In such case, the Government of Northern Ireland and the Provisional Government of Southern Ireland may meet for the discussion of safeguards with regard to patronage, the collection of revenue, import and export duties, and minorities in Northern Ireland, the settlement of financial relations, the establishment and powers of a local militia in Northern Ireland and the relation of the defense forces of the Free State and of Northern Ireland. If agreements are reached the same shall have effect as if they were included among the provisions subject to which the powers of Parliament and of the Government of the Irish Free State are to be exercisable in Northern Ireland. Neither government in Ireland shall either directly or indirectly endow any religion or prohibit or restrict the free exercise thereof or give any preference or impose any disability on account of religious belief or religious status, or affect prejudicially the right of any child to attend a school receiving public money without attending the religious instruction of the school, or make any discrimination as respects State aid between schools under the management of different religious denominations, or divert from any religious denomination or any educational institution any of its property except for public utility purposes and on payment of compensation. By way of provisional arrangement for the administration of Southern Ireland pending the constitution of a Parliament and a Government of the Irish Free State, steps shall be taken forthwith for summoning a meeting of the members of Parliament elected for the constituencies in Southern Ireland since the passing of the act of 1920 and for constituting a Provisional Government. The British Government agrees to take the steps necessary to transfer to such Government the powers requisite for the discharge of its duties provided that every member of such Government shall have signified in writing his or her acceptance of the treaty.

In order that action might be taken on the Irish Agreement as soon as possible the King called a special meeting of Parliament. On December 16 the two Houses approved the treaty after a three days' debate. In the Commons there were 401 votes for the treaty

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and 58 against; in the Lords, 166 for and 47 against. In the House of Lords, Lord Carson led the opposition against the treaty.

The **ratification of the treaty** by the Dail Eireann at Dublin on January 7 by a vote of 64 to 57 came after a long and bitter struggle between Arthur Griffith and Michael Collins, who advocated adoption, and Eamon De Valera, who had come out strongly against the treaty. Many local public bodies in Ireland adopted resolutions favoring acceptance and the press was almost unanimously for adoption. After the treaty was ratified, **De Valera resigned** the presidency of the "Republic", and, on permitting himself to be offered for re-election in the Dail, was defeated by 60 to 58 votes. On January 10 **Arthur Griffith** was unanimously **elected President** by 64 deputies after De Valera's followers had withdrawn. The new President submitted a cabinet constituted as follows: Michael Collins, Minister of Finance; George Gavan Duffy, Foreign Affairs; Eamon J. Duggan, Home Affairs; William T. Cosgrove, Local Government; Kavin O'Higgins, Economic Affairs; and Richard Mulcahy, Defense. The Dail accepted this cabinet. On January 12 King George issued a proclamation of amnesty "in respect to political offences committed in Ireland prior to the truce of last July".

Mr. Griffith and his cabinet then summoned the Southern Parliament to meet two days later. At this meeting the treaty was formally ratified, a **Provisional Government** created, and the Irish Free State set up. This Southern Parliament was technically different from the Dail and should have consisted of 126 members, but the absence of De Valera's followers reduced the number to 65. Michael Collins was nominated as Premier and head of the Government and a resolution constituting the Provisional Government was adopted. Besides the Premier the Government was composed of the following members: William Cosgrove, Eamon Duggan, Patrick Hogan, Finian Lynch, Joseph McGrath, John MacNeill and Kavin O'Higgins. All except MacNeill and Finian Lynch were ministers of the Dail Cabinet. Griffith thereupon stated that the Dail would remain in existence until the treaty had been carried out and a general election held. On January 16 Collins and the Provisional Government took over Dublin Castle amid public rejoicing and received from the British all powers of government. On the next day the evacuation of Ireland by the British army, consisting of some 60,000 men, began. During January and February there were important developments. De Valera was elected President of the Irish Race Congress, sitting in Paris, which urged the full recognition of the "Irish Republic". Several crises developed in the negotiations between Collins and Craig, the Ulster Premier, over the boundary question. In February the boundary area was subjected to wild raids. On March 30 representatives of Northern and Southern Ireland met with representa-

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tives of the British Government at London and signed a compact of peace. However, there was much **fighting between the Republicans and the Provisional Government,** De Valera having established a new political organization to repudiate the agreement with Great Britain. Republicans went so far as to stop meetings addressed by Collins. In Ulster guerilla fighting continued. In April an attempt was made on the life of Collins and the barracks of the Free State troops were attacked by rebels. The Dail met on April 26 and De Valera attempted to block the Provisional Government's decision to submit the Peace Treaty to an early plebiscite. Early in May a number of generals of the Republican army joined the regular forces and shortly afterwards a truce was agreed upon by the leaders of both factions. On May 20 Collins and De Valera reached an agreement on the understanding that the country required a coalition administration, but warfare continued, particularly in Ulster, where the British troops aided in beating back rebel invaders. The agreement between Collins and De Valera placed a heavy strain upon the relations between the Provisional Government and Great Britain, but neither that nor the brutal **assassination of Field Marshal Wilson** on June 22 caused a rupture in the negotiations. On June 15 the **constitution of the Irish Free State** agreed upon in London was made public. This was on the eve of the Irish elections. Arthur Griffith before leaving London made the following statement: "The Constitution is that of a free and democratic State and under it Ireland for the first time in centuries secures the power and opportunity to control and develop her own resources and to live her own national life." The new Constitution gives the force of law to the Anglo-Irish Treaty and expressly declares that any part of the Constitution or any law enacted under it which may be repugnant to the Treaty is void. It places the relations between Ireland and the Empire on the same basis as that of Canada and the other Dominions. Every member of the Free State Parliament is required to subscribe faith and allegiance to the Constitution and to the King. The document provides for universal suffrage, proportional representation, the initiative and referendum, and places great power over finance in the lower House. Freedom of religion and conscience are guaranteed and citizens are protected against the arbitrary power of court-martial. It exempts the Free State from participation in war without the consent of Parliament except in case of actual invasion, and gives the Irish Supreme Court the fullest powers subject only to the right of citizens to appeal to the King in council against the Supreme Court's decision. The Parliament is to consist of the King, a Chamber of Deputies and a Senate. Both Houses are to be elected. The executive authority is the King assisted by an executive council of twelve ministers who must be responsible to the Chamber. Judges are appointed by the

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executive.—The **elections for the new Irish Parliament,** held in the middle of June, resulted in a sweeping victory for those who favor the Treaty. The complete results were as follows: For Treaty and Constitution, 58; Opposed, 36; Labor, 17; Farmers, 7; Trade and Commercial Independents, 6; Trinity College, 4. All the minor factions excepting certain members of the Labor group favored the Treaty. There was therefore a substantial majority in favor of ratification. Republicans claimed that Collins had violated his pledge to De Valera relative to the coalition cabinet. The state of anarchy prevailing in Ireland was the subject of debate in the House of Commons on June 26. Winston Churchill stated the Government's determination to demand, now that the elections had shown a substantial majority for the Treaty, that the Provisional Government should suppress the Irish Republican Army and actually rule Ireland. The Lloyd George Government was upheld by a vote of 342 to 75.—The last few days of June witnessed severe **fighting in Dublin** between the forces of the Free State and the Republican army. The insurgents, strongly fortified in the Four Courts, where they were attacked by Free State forces, surrendered after severe fighting, during which their stronghold was wrecked by explosions. Among those taken prisoner was Rory O'Connor, the rebel leader.

In the United Kingdom as in the United States the year under review brought a serious **unemployment problem** and many reductions in wages. The Ministry of Labour reported early in September that the number of persons registered as wholly unemployed was 1,527,000, besides 400,000 on short time. In July 2,170,000 had been wholly unemployed and 988,000 on short time. Although conditions had thus been improved, they were still serious. The cabinet estimated that unless trade should revive the Government would have to provide in unemployment relief about £100,000,000 a year. On September 22 the Parliamentary Committee of the Trades Union Congress issued a manifesto declaring that unemployment should not be made a local burden, but that the Government should provide work. Some progress along this line was made during the year.—A **crisis in the engineering trades** arose on March 11 when about 300,000 members of the Engineering Union were locked out. When negotiations between employers and employees failed, 300,000 shipyard workers were likewise involved. On March 29 the Engineering Employers' Association posted notices of a lockout of 47 additional unions, making a total of some 850,000 men affected. Early in April, however, the Prime Minister intervened and on the 10th direct negotiations between the parties began. Early in June the members of the 47 unions voted to accept the terms of settlement put forward by their employers. The dispute hinged largely upon the exercise of managerial functions. A week later the remaining workers agreed to

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accept the terms offered. — In April a wage dispute involving some 400,000 **cotton operatives** in the Manchester area was ended when the employees accepted wage reductions.—The **British Communists** received a decided check at the annual convention of the **Labor Party** at Edinburgh on June 28. They had applied for membership in the Labor Party but their application was rejected by a vote of 3,086,000 to 261,000.

**CANADA AND NEWFOUNDLAND.** — In Canada a number of important political events have taken place during the year under review. Early in July it was officially announced that as a result of the Federal **by-elections** held in Medicine Hat, Alberta, June 27, Robert Gardner, candidate of the National Progressive Party, had been elected by a majority of 9,749 over the Government candidate, Col. Nelson Spencer. The National Progressive or Agrarian Party aims to accomplish in the sphere of Federal politics what the farmer political groups have accomplished in the Western provinces. The Hon. T. A. Crerar is its principal leader. This Federal by-election was followed on July 18 by the **general election in Alberta** province. Out of 61 members in the legislature, the Agrarians elected 39, Liberals 14, Independents 4, and the Labor Party 4. The Conservative Party was completely wiped out. Herbert Greenfield, a western homesteader and vice-president of the United Farmers of Alberta, was chosen Premier. On September 1 Premier Meighen announced a **general election for all Canada.** This was held on December 6 and turned largely on the question of the continuance of a high protective tariff and the challenge of the Government's policies by the Agrarians. On the tariff question the Conservatives stood for high protection, the Liberals for reciprocity and "tariff for revenue only", while the Agrarians or Progressives stood practically for free trade. The Liberal and Progressive platforms agreed on reciprocity in natural products with the United States, and on free trade with Great Britain for five years. Inasmuch as a general census had been taken in June, some criticism was directed toward the Government for calling a general election before the enactment of a new redistribution bill. In replying to this criticism the Premier frankly admitted that the Agrarians would gain by redistribution while the Government would lose. The election resulted in a landslide for the Liberals and Agrarians, the Conservatives being disastrously defeated and their policy of high protection repudiated. Indeed, not only the Premier but also ten members of his cabinet failed of reelection. The Liberals elected 118 candidates, the Progressives 64, Conservatives 51 and the Laborites 2. Miss Agnes McPhail, an Ontario Progressive, enjoys the distinction of being the first woman elected to the Canadian House of Commons. As a result of the Liberal triumph W. L. M. King, the Liberal leader, became Prime Minister. On December

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29 he announced his cabinet as follows: Finance, W. S. Fielding (Nova Scotia); Solicitor-General and Minister Without Portfolio, D. D. McKenzie (Nova Scotia); State, A. B. Copp (New Brunswick); Health and Soldiers' Reestablishment, H. S. Beland (Quebec); Justice, Sir Lomer Gouin (Quebec); Customs and Excise, Jacques Bureau (Quebec); Marine and Fisheries, Ernest LaPonte (Quebec); Trade and Commerce, J. A. Robb (Quebec); Militia, Defense and Naval Service, G. P. Graham (Ontario); Labor, W. C. Kennedy (Ontario); Postmaster-General, Charles Murphy (Ontario); Agriculture, W. R. Motherwell (Saskatchewan); Interior, Charles Stewart (Alberta); Public Works, H. Bostock (British Columbia); Ministers Without Portfolio, J. E. Sinclair (Prince Edward Island); R. Dandurand (Quebec), and T. A. Low (Ontario). The election and the selection of the cabinet not only revealed but also served to emphasize the acute differences which have developed between the industrial and financial East and the agricultural West. Nor according to the **census** figures made public by the Dominion Statistician on February 25 is the outlook for either Liberals or Conservatives very encouraging. The population of Canada has increased in ten years from 7,206,643 to 8,769,489—a gain of 1,562,846. At the same time it has moved westward, with the consequence that the representation of the western or agrarian provinces will be larger, while that of eastern provinces, like Nova Scotia and Ontario, will be somewhat less than at present.

The question of **prohibition** is still far from settled. On July 19 Ontario became legally "bone dry" when the Dominion enactment forbidding the importation of intoxicants as a beverage became effective. Distilleries are allowed to produce liquor for export trade. The Province of New Brunswick by referendum decided on October 10 against the importation of liquor for personal use. At present alcoholic liquors may be legally sold only by prescription. In Quebec Premier Taschereau, in discussing Dominion prohibition, defended the present government arrangement of liquor regulation. The present liquor law, he asserted, brought to the government a profit of $4,000,000 a year. When in March the subject of prohibition came up in the Commons, Premier King stated that while an act for Dominion-wide restriction would receive careful consideration by the cabinet, no such measure would be introduced at the spring session of the House. Personally, he added, he did not favor "bone dry" prohibition.—A reduction of Canada's **navy** was announced by Minister of Defense Graham on May 12; a cruiser, two destroyers, and two submarines are to be retired, leaving only three small vessels on each coast.—The Canadian government lost $2,210,724 in operating its merchant marine in 1921.—Canadian railway casualty statistics show that out of 51,318,422 passengers carried in 1921 only 4 persons were

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killed and 240 injured; of 185,177 employees 91 were killed and 1,344 injured. The Province of Ontario has introduced a system of rural credits; short-term loans, not exceeding $1,000, may be made as well as long-term loans up to $12,000 secured by mortgages on an amortization plan.—Canada's share of the $30,000,000,000 German reparation money, as fixed by the Imperial Conference on July 15, amounts to $300,000,000 or 4.5 of the 22% allotted to Great Britain and about ⅛ of the Canadian national debt.

In **Newfoundland** agitation for union with Canada still continues. Hon. F. W. Coaker, Minister for Marine and Fisheries and president of the Newfoundland Fishermen's Protective Union, is, however, unalterably opposed to any union. Canada, he maintains, is actually a competitor with the island in the fish industry, does not purchase any amount of Newfoundland's products, and, in case of union, would not supply adequate funds to develop her resources.

**INDIA.**—Throughout the year India has been one of the political storm centers of the British Empire. In September officials of the India Office in London declared that all was well in India, that under the Montagu-Chelmsford measures the people of India were actually enjoying representative government, that under Lord Reading's rule the populace was generally peaceful, that the Malabar uprisings in Southern India, which occurred in August with a loss of thousands of lives, had been caused not by native Indians but by the Moplahs, a fanatical sect descended from Arab Mohammedans, and that the **Gandhi non-cooperative movement** had run its course and proved impotent. As a matter of fact, however, India at that very time was seething with rebellion against British rule. Gandhi's weaponless revolt, instead of having burned itself out, was increasing in numbers and influence. On every hand, for instance, the natives burned British-manufactured cloth, law courts were abandoned, schools were closed for lack of students, and railroad service was impaired. During November and December strikes (hartals) were of frequent occurrence. Faced with the possibility that non-cooperation might spread to the police and to the army, or assume a more militant character, the government in October began to resort to repressive measures. On November 2 two of Gandhi's lieutenants, the Ali brothers, were sentenced to two years' imprisonment for speeches inciting to "public mischief". In December a number of notables, including Gandhi's son and Lajpat Rai, the well-known Indian Nationalist, were imprisoned. But the arrest and confinement of the "seditionists" seemed in no way to stem the tide of passive resistance. By resolution of the Indian National Congress on December 29 Gandhi was given sole executive authority over all Nationalists' activities in India. Early in February, in what practically amounted to an ultimatum to the Viceroy, he offered to postpone mass civil disobedience on condi-

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tion that the Viceroy liberate all political prisoners within a week and restore liberty of association and freedom of the press. In reply the Viceroy declined to discuss, much less to accept, the proposal and intimated that sterner rule would be introduced. Meanwhile arrests and rioting continued. On February 4 the police post at Chauri was stormed by Nationalist volunteers and seventeen officials were killed; by the middle of the month the situation was so menacing in Madras that all Europeans were enrolled as special constables by order of the government. Mob fury and violence horrified Gandhi and on February 14 the Executive (Working) Committee of the Indian National Congress, in a statement deploring mob spirit and mob methods, suspended civil disobedience and instructed local committees to advise cultivators to pay their tax obligations. That the congressional resolution was not strictly obeyed was evident from the serious outbreak at Assam on February 20, from the continued intimidation of tax-collectors and the burning of crops in the Calcutta region, from the increasing hostility to British officials over large areas in the United Provinces and Behar, from the growing bitterness of the Sikhs, and from the rebellious attitude displayed by the Khalifatists in the Punjab. Alarmed by the course of events, the government on March 10 caused the arrest of Gandhi on the charge of sedition; he was subsequently sentenced to prison for a term of six years. In passing judgment the court paid high tribute to the prisoner who, in a remarkable statement, drew a severe indictment against British rule in India. Immediately following Gandhi's conviction the Executive Committee of the Indian National Congress issued a statement advising self-restraint and exhorting the non-cooperationists to continue their program, especially in boycotting British-made clothes. The movement still continues with little abatement. It is of political interest to note that the princes or native rulers of India stand almost solidly for British rule and against Gandhi and his movement. The attitude of the rank and file of India toward Britain was strikingly depicted in the extended **visit of the Prince of Wales**: arriving in Bombay on November 17 he traversed the country from one end to the other, being everywhere ceremoniously received by the native princes and British officialdom. In striking contrast, however, hartals and other expressions of disloyalty to Britain were much in evidence wherever he went. At Allahabad, for instance, the Prince found the streets flag-bedecked but empty. Incidentally, Gandhi's arrest followed the day after the publication of the historic telegram which cost the Right Honorable Edwin S. Montagu, British Secretary for India, his seat in the British cabinet (*cf. supra*, p. 65).—A long-hoped-for **Indian-Afghanistan Treaty** was signed on November 22. No reference was made to the subsidy paid by the Indian government to the Afghans in the past. A clause excluding Bolshevist consulates from

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the Afghan frontier is especially significant in light of threatened Bolshevist propaganda in India and other British Asiatic possessions. —The Indian **budget** passed by the Legislative Assembly at Delhi on March 22 showed a deficit of about £20,000,000, the largest in the history of the country.—By amendments to Indian **Factories Act** in January a ten-hour day was established; a six-hour day was likewise provided for children, whose minimum working age was raised from nine to twelve; rest periods of not less than one hour for every six worked was provided for adults, and thirty minutes for every four hours for children or all those under fifteen. Sunday employment is forbidden except where continuous processes necessitate it, and in such cases a mid-week holiday is made compulsory. Rates for overtime are fixed at one and one-quarter times the regular wage in those factories which for any reason may be exempted from the sixty-hour provision. — On May 5 the Secretary of State for India announced that not less than 2,000 junior officers of the Indian army would be retired upon a gratuity basis.

**EGYPT.**—The **termination of the British protectorate** and formal recognition by Britain of Egyptian independence, February 28, marked the climax of years of agitation and open rebellion. After a series of futile negotiations, extending throughout the autumn, an Egyptian delegation headed by Adly Pasha, Egyptian Premier, returned to Cairo from London on December 5 and resigned office three days later. On the day of Adly's arrival, Zaglul Pasha, the distinguished Nationalist leader, issued a manifesto stating that Britain, from the days of occupation, had toyed with Egypt. Instead of evacuating Egypt as she had promised, she had declared a protectorate, and now, instead of granting independence, she proposed to keep Egypt within the British Empire. Zaglul's appeal to his followers to use their energies for the liberation of their country, was followed by rioting and loss of life. In consequence Zaglul, on December 23, was forcibly removed from Cairo to Suez from whence, upon refusal to obey an order of Lord Allenby, British High Commissioner, restraining him from political activity, he and five of his lieutenants were exiled to the Seychelles Islands. Following Zaglul's deportation the Nationalist party on January 23 issued a manifesto calling for a non-cooperative movement modeled after that of Ghandi. The following day, upon orders from Lord Allenby, the signers of the document were arrested and the four Cairo newspapers which had published it were suspended. But the British government, sensing the situation in Egypt and throughout the Mohammedan world, issued a manifesto on January 29 to the effect that it was ready to terminate the protectorate and recognize Egypt as a sovereign state on certain conditions. Again on February 7 Lloyd George gave utterance to a similar statement in the House of Commons. Egypt, he said, was a

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corridor country between the eastern and western parts of the Empire, and as such could not unconditionally be granted independence. Meanwhile Lord Allenby had been summoned to London where he frankly told Lord Curzon, British Foreign Secretary, and Mr. Churchill, Colonial Secretary, that the protectorate should be ended and that the only alternative thereto was annexation or autonomy. The "Declaration to Egypt", February 28, embodying the terms of the settlement, provides first for the termination of the protectorate; second, the withdrawal of martial law as soon as the Egyptian government passes an act of indemnity; and, finally, it reserves to the discretion of the British government four important subjects: (1) safety of the British Empire's communications in Egypt; (2) the defense of Egypt against foreign aggression, both direct and indirect; (3) protection of foreign interests in Egypt and the protection of minorities; (4) guarantees for British interests in the Sudan. The British House of Commons approved the Government's Egyptian policy by a vote of 202 to 70, notwithstanding severe criticism by Liberal and Labor members. The "Declaration" was enthusiastically received by the majority of the Egyptians. On March 1 a new cabinet was formed under Sarwat Pasha, and on March 16 Sultan Ahmed Fuad Pasha became "King of Egypt". In a rescript under date of April 15 succession to the throne is made hereditary in the dynasty of Mehemet Ali in direct male line by primogeniture. The ex-Khedive, Abbas Hilmi, is expressly excluded, as also are female members of the house and anyone not mentally competent, and one not a Moslem born of Moslem parents. In April a commission of thirty-five members, headed by Hussein Pasha Rushdi, a former premier, was appointed to draft a constitution. King Victor Emmanuel of Italy on March 25 conferred the Order of the Annunziata on King Fuad, and the Italian Premier Facta sent a telegram hoping for "prosperity, close friendship and close economic relations". Two days later Lord Curzon, in despatches to all British ambassadors, reemphasized Lloyd George's statement to the effect that the termination of the protectorate involved no change in Egypt's status toward other powers, and that the British Government would regard as unfriendly any attempted interference in the affairs of Egypt by another power and would repel any aggression upon Egyptian territory. The new kingdom was recognized by the United States on April 27 on condition that the capitulations be not abolished. The question of the capitulations was raised when on May 9 a decree was issued prohibiting the import or export of opium, cocaine, hashish or morphine except by special license.—A clash of interests between Britain and the new monarchy has been caused by the question of the **Sudan.** This territory, comprising 950,000 square miles of territory, or about one-fourth the area of Europe, is so strategically located that it may

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be made to control the water of the Nile upon which the life of Egypt depends. The Egyptian claim that this land is an incorporate part of Egypt is disputed by Great Britain.

**OTHER BRITISH POSSESSIONS.** — In **Australia** a vigorous campaign has been launched to promote immigration. According to the census of June, 1921, the Commonwealth had a population of 5,436,796, a gain of almost a million over 1911. This population of 2,762,758 males and 2,674,038 females is, however, unequally distributed over a territory greater in extent than that of the United States. Over 1,740,000,000 acres of crown lands are yet to be disposed of, and the Australian authorities are particularly anxious to dispose of these lands to European settlers. — Minister of the Navy Smith in presenting the 1922 naval estimate of £3,180,000, announced that Australia's sea-going fleet had been reduced to two light cruisers, one training cruiser, two sloops, four destroyers and three submarines. As a result of the Washington Conference Australia's single battle cruiser was placed in reserve on February 9 and her crew of 450 men dismissed.—On December 29 Premier Hughes announced a cabinet reconstruction as follows: Minister for External Affairs, the Premier; Home and Territories, G. F. Pearce; Repatriation, E. D. Mullen; Attorney-General, L. E. Groom; Navy and Defense, Massey Greene; Trade and Customs, A. S. Rogers; Postmaster-General, Alexander Poynton; Treasury, S. M. Bruce; Public Works and Railways, R. W. Foster. Premier Hughes has proposed a Constitutional Convention to amend the Federal Constitution adopted in 1900 and since unchanged.—Australian labor unions on January 10 voted in favor of merging into one big union.—During 1921 **New Zealand** received more than 14,500 immigrants from Great Britain and other parts of the Empire. New Zealand's trusteeship over former German **Samoa** is proving very unsatisfactory to the Samoans; prohibition is said to be the principal cause of discontent. In reply to a Samoan petition that Samoa be placed under the tutelage of Great Britain, the British government has ruled that the island cannot be removed from the control of New Zealand without permission of the League of Nations. — In January a strike, originating in the coal mines of **South Africa,** spread to the gold and diamond mines of the Rand. The trouble, which began with the refusal of the coal miners to accept a five-shilling cut in wages, soon assumed the character of a political revolt, the strikers being joined by discontented Boer farmers. The guerilla warfare of January and February gave way to systematic fighting during the first weeks in March. The call for a general strike on March 8 was followed by a manifesto from Premier Smuts on March 13 to the effect that the movement was the work of extremists who were using the strike as a cloak for the dissemination of syndicalism. A few days later the movement was crushed by

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government troops; the government forces lost 50 killed and 237 wounded, while the rebels lost 133 killed and 287 wounded. African natives took no part in the rebellion. The financial loss to all parties concerned was estimated at $25,000,000. Premier Smuts, in reviewing the outbreak before the Assembly, stated that the aim of the revolutionists was undoubtedly the erection of a soviet republic.—On March 23 the Assembly by a vote of 55 to 51 refused to extend the franchise to women. — General Christian De Wet, Commander-in-Chief of the Boer forces in the war of 1899 and one of the leaders in a rebellion against the Union of South Africa during the Great War, died at his home at Dewetsdorp on February 3. — An outbreak among the Hottentots of former German Southwest Africa was crushed during May. —Great Britain is experiencing considerable difficulty in her plans for **Palestine.** In the first place the Council of the League of Nations has thus far failed to approve the British mandate over the territory; failure to do so is to be attributed largely to the attitude of France. Secondly, and more important, the Arabs are bitterly opposed to an independent state of Palestine under Jewish domination. As a matter of fact, however the proposed constitution clothes the British High Commissioner with dictatorial power.—The natives of **Mesopotamia** have challenged British control over their territory, with the result that serious uprisings have occurred during the year.

## VI. CONTINENTAL EUROPE

**AUSTRIA.** — The Austrian Republic has passed through another year of financial chaos and economic disaster. By mid-October the Austrian crown had become practically worthless, 3,400 crowns being offered for $1.00, the normal value being less than five to the dollar; by January 1 it required 10,000 crowns to purchase one dollar. Unemployment, high prices and starvation led to serious riots in December. In Vienna thousands of unemployed attacked the stock exchange, shops, restaurants and fashionable hotels; apartments of foreign visitors and the well-to-do were ransacked and pillaged. By act of the National Council on December 21, owners of foreign currency, cheques or credits abroad were obligated to deposit with the government such property in exchange for bonds bearing 5% interest. Despite the enactment of this measure, by which the government hoped to increase the exchange value of the crown, and the new issue of 17,000,000,000 crowns early in January, many employers were unable to pay the wages of their employees. During the month of May the cost of living increased 25% while financial conditions constantly grew worse. For the purpose of easing Austria's financial difficulties the United States authorized a 25-year extension for payment by Austria of $25,000,000 for flour purchased in America.—By an act of May 22 parliament determined to continue the program of the **Ameri-**

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**can Relief Administration;** provision is made for the feeding of 5,000 children in public schools. Records of the American Relief Commission disclose that up to March 20 the total number of American meals fed to Austrian children exceeded 200,000,000. In May the American Relief Mission was feeding daily 175,000 children, 900 professors, 10,000 students, 12,000 intelligentsia, and 5,000 others. The cost of a loaf of bread rose from 34 crowns in November to 524 crowns in March.—**Ratification of the Peace Treaty with the United States** occurred without debate on September 2, ratifications being exchanged on November 8.—Announcement was made on October 14 that Austria and Hungary had settled the **Burgenland controversy** (*cf.* last RECORD, p. 82) to the satisfaction of both countries; exception to the agreement, which was reached through Italian mediation, was later expressed by Hungary, much to the surprise of Austrian officialdom. Under the Treaty of Trianon the Burgenland territory went to Austria, but when on August 29 Austrian officials attempted to take possession of the province they were attacked and repulsed by Hungarians. The Austrian government thereupon appealed to the Allies for authorization to send regular troops to repel the Magyars; upon refusal of this request the Austrians withdrew their gendarmes from the disputed area, leaving the Allies to deal with the situation. After an exchange of notes in which Czechoslovakia collaborated with Austria, the Hungarian government in a note to the Allies on September 11 denied official responsibility for the Burgenland episode. On September 12 Dr. Benes, Czechoslovak Foreign Minister, in a strongly worded communication to the Council of Ambassadors, protested against Magyar violence and pointed out the danger to Central Europe of the Burgenland situation. This note was followed on September 23 by an Allied ultimatum to the Hungarian government demanding evacuation. An offer of the Czechoslovak and Jugoslav governments to restore order by military intervention was rejected by the Allies largely because Italy believed her interests would be menaced by the junction of the two Slav powers. It was at this point that Italy undertook mediation. By the terms of the agreement reached at Venice (1) Hungary bound herself to clear Bungenland by military means, if necessary, and guaranteed this undertaking to the Italian government; (2) Austria accepted the plan for a plebiscite for Oedenburg, Roboncz, and five or six small neighboring districts; (3) should this plebiscite favor Hungary, Austria agreed to renounce almost entirely her financial claims against Hungary. Should any counterclaim be raised by Austria, the two parties agree to submit the question to an arbitrator. As a result of the plebiscite Oedenburg decided in favor of Hungarian sovereignty and was handed over to the Hungarian authorities on New Year's Day.—Ratification of the **treaty with Czechoslovakia** (*cf. infra*, p. 93) was bitterly opposed by

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the Pan-Germans, who vehemently declared that the treaty thwarted all opportunity for a future union of Austria and Germany. To meet this objection the Council passed two modifying resolutions. Article I of the treaty bound both states to carry out fully the terms of the treaties of St. Germain and Trianon; the Council's modifying resolution added the qualifying clause "subject to Austria's economic capacity". The second resolution dealt with Article IV of the treaty in which the two states agree not to allow upon their territory any political or military organization hostile to the integrity or security of the other party. This clause raised the question of the relation of Austrian Germans to the German minority in Czechoslovakia. To obviate this difficulty the second modifying resolution was adopted, to the effect that this clause does not refer to the existence or activities of associations having as their object the encouragement of nationality and the support of the economic and cultural aims of peoples of the same race, but refers only to attempts to overturn the existing constitutions by force. Despite these qualifying resolutions, so belligerent was the attitude of the opposition that Dr. Schober, premier, resigned but was immediately reelected, by 80 votes to 72. Dr. Hennet, however, became Minister of Foreign Affairs, the Premier assuming the portfolio of Interior. — On May 24 the **Schober cabinet** resigned after the refusal of parliament to vote 120,000,000,000 crowns for the purpose of increasing salaries of civil servants. It was succeeded by a **coalition cabinet** headed by Ignatius Seipl, leader of the Christian Socialist party, as follows: Foreign Affairs, Gruenberger; Commerce, Kraft; War, Vougoin; Justice, Waber; Agriculture, Buchinger; Interior, Frank; Transportation, Odehnal; Education, Schneider. The portfolios of Interior, Justice and Commerce were given to Pan-Germans. Considerable excitement and some anxiety have been manifested during the year by the discovery of reactionary plots to overthrow the Republic and restore monarchy.

**BALKAN AND DANUBIAN STATES.**—In November the frontiers of **Albania** were definitely established by the Council of Ambassadors and her political entity recognized by the Supreme Council. The general line of frontier laid down rectifies the line arranged by the London Ambassadorial Conference of 1913 as follows: Albania receives the district of Ligne; the Dibra Striga road is given to Jugoslavia, also the territorial angle which secures Jugoslavia a better position in Prizrend and Podgaritza. Albania is awarded Scutari, but Jugoslavia is to have the use of its port of Dulcina on the Adriatic. In December and again in March attempts to overthrow the Tirana government ended in failure. The Catholic Albanians of the North (Mirdites) have appealed to the League of Nations and to the Allied Powers for protection against the encroachment of the Mohammedans.

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In **Bulgaria** the High Court called to judge the members of the Radoslavoff cabinet and General Gekoff, the former charged with having conspired with the dethroned Czar, Ferdinand, to cause the nation to enter the Great War on the side of the Central Empires, and the latter with having illegally executed the decrees of the said conspiracy, convened at Sofia on October 11.—The tragic assassination of M. Dimitroff, Minister of War, on October 22 was attributed to his manner of enforcing the Treaty of Neuilly and his unfriendly attitude toward the agents of Soviet Russia.—Official announcement has been made that after months of delay, caused by disagreements concerning the fulfilment of certain provisions of the Treaty of Neuilly, diplomatic relations have been resumed with Jugoslavia.—Communal elections resulted in a substantial victory for Premier Stamboulinsky, the Agrarian party securing over 13,000 municipal council seats out of a total of 26,000, the balance being distributed among the Bourgeois and Communist parties. That Bulgaria may meet her heavy indemnity bill, the Reparations Commission has taken control of the country's resources and revenues for a two-year period. During this time Bulgaria must pay 40,000,000 gold francs and 137,000,000 gold francs per year thereafter until the indemnity has been fully paid. This action on the part of the Commission is bitterly resented by the agrarians who continue their hostile attitude toward the bourgeoisie. Indeed, throughout the year bitter controversies between the two factions were frequent and finally culminated in the shooting of A. L. Grekof, one of the bourgeois leaders. The threatened peasant revolution which was currently predicted when the Congress of the Agrarian party convened on May 28, failed to materialize.

Events in **Greece** during the year have centered largely about imperialistic and international affairs. The ambitions of Greece in the Near East have not been realized (*cf. supra*, p. 16), and the Greeks and Turks appear to be more embittered toward each other than ever before. By an order of Mustapha Kemal, Turkish Nationalist leader, issued January 20, all the Greek residents of Konieh were deported to Erzerum. Ten days later Kemalist authorities in Samsun arrested and put to death 300 Greek civilians. Meanwhile the Turkish authorities, nominally in power in Constantinople, confiscated large quantities of Greek goods, and when Greek consular agents protested they were saved from bodily harm only by the prompt intervention of British forces. On February 2 Thracian deputies in the Greek National Assembly presented a memorandum to the ministers of Great Britain, France, Italy and the United States asking that Thrace under no circumstances be separated from Greece. To the end that Greece might retain her present territorial grip along the Ægean and realize her aspirations in Asia Minor, Premier Gounaris spent five months

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in the chancelleries of Western Europe. That, in the opinion of the National Assembly, he failed in his purpose was evident from the adverse vote which he received on March 10 following his return. Out of 355 votes the government mustered only 155, and at once resigned. Failure of M. Stratos, leader of the Reformists, to form a new cabinet led to the recall of M. Gounaris, who, after taking the portfolio of Justice, reconstructed his ministry as follows: Finance, M. Protopapadakis; War, M. Baltadgis; Agriculture, M. Argyros; Education, M. Polygenis; Communications, M. Stratigos; National Economy, M. Ruffos; Interior, Admiral Goudas; Public Assistance, M. Theodorides; Treasury, M. Malah, a Jewish deputy from Saloniki, and the first man of that faith to be accorded a ministerial portfolio in Greece. The National Assembly expressed confidence in the new ministry by a vote of 164 to 86. On April 1, following a heated discussion about armistice terms with the Turkish Nationalists, the Assembly again expressed confidence, 163 to 52, the 80 Venizelist members withdrawing while the vote was being taken. But the financial and international policies of the government continued to be targets of attack and on April 11 the Premier won a vote of confidence by the narrow majority of one; the next day he resigned and King Constantine again summoned M. Stratos to form a new cabinet. Although he succeeded in this task the Assembly by a vote of 170 to 154 refused to express confidence and on May 18 the new ministry resigned. Faced by this dilemma the King again invited M. Gounaris to head a new cabinet; this he refused to do but expressed willingness to cooperate with Stratos in a coalition ministry in which all legitimist parties would be represented, the Liberals alone being excluded from it. This proposal was accepted by M. Stratos and on May 23 the new government was formed under the presidency of M. Protopapadakis, former Minister of Finance. In this cabinet M. Theotokis retained the War portfolio; M. Gounaris became Minister of Justice; M. Stratos, Interior; M. Leonidas, Marine; M. Ladopoulos, Finance; Admiral Goudas, National Economy; General Stratigos, Communications; M. Polygenis, Education; M. Lycourezos, Treasury; M. Argyros, Agriculture; M. Theodorides, Public Assistance; M. Mercouris, Food; and M. Baltadgis, Foreign Affairs. The National Assembly expressed confidence on May 24 by a vote of 218 to 30.—The financial blockade from which Greece has suffered since the elections of November 14, 1920 (*cf.* last Record, p. 95), has been circumvented in part by declaring one-half of the Greek paper currency void for any monetary transaction and valid only as a bond bearing 6½% interest and redeemable in 20 years. To do this, all banknotes were cut in two, one part, duly specified, being used as currency, the other automatically becoming a 20-year interest-bearing bond. To facilitate business transactions the National Bank of Greece

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together with a number of other banks may advance currency paper to those who turn in bond paper. All foreigners living abroad and holding Greek banknotes are exempt from the operation of the new loan; some exceptions are also made in the case of foreigners living in Greece. A number of new bonds into which the half-banknotes will eventually be converted will be drawn for redemption, at par, thrice a year.

The new Constitution of **Jugoslavia** was ratified by the Belgrade National Assembly on June 29, 1921, by a vote of 233 to 35. It is divided into fifteen parts and in some respects closely resembles the Serbian Constitution of 1888, which was reenacted in 1903. Part I provides for a constitutional, parliamentary, hereditary monarchy and designates the name of the state, the coat-of-arms, the flag and the official language. Part II is devoted to the rights and duties of citizens, a longer space being given to these topics than in any other recent constitution. Part III devotes twenty-three sections to social and economic regulations such as protection of labor, health, marriage, insurance against accident, illness, unemployment, incapacitation, old age and death. The protection and obligation of property rights receive special attention. In Part IV the various authorities in the state are defined. The powers of the King and provisions regarding the royal family are treated in Part V. Similarly Part VI is devoted to the Regency. Part VII provides for a unicameral legislature chosen by universal suffrage with representation of minorities. Regulations for voting as well as for those qualified to sit in the national legislature are also included in this part. The administrative authority is discussed at length in Part VIII and the judiciary in Part IX. Arrangements are made for an independent system of courts whose importance in the trial of civil and criminal cases may be great, but whose power over other branches of the government may be described as practically *nil*. Part X is devoted to state economy where such subjects as taxation, budget and general financial control are discussed. Part XI is devoted to the army. In Part XII arrangements for amending the constitution according to the French model are stipulated. Parts XIII and XIV provide for the transfer of authority from the old officials and old organization to the new, and for the definite coming into effect of the new constitution.—The adoption of repressive measures against the Communists led to the assassination of M. Drashkovitch, Minister of Interior, on July 21.—King Peter, third member of the Karageorgevitch dynasty to reign, died on August 16 and was succeeded by Prince Regent Alexander, who on November 5 took the oath to support the new constitution. On June 8 the new ruler and Princess Marie, eldest daughter of the King and Queen of Rumania, were married at Belgrade. Differences between Radicals and Democrats regarding both internal

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and foreign policies threatened a cabinet crisis, which was averted, however, when President Ribar of the Chamber succeeded in mediating between the two factions. M. Pashitch retained the premiership but M. Pribitchevitch, Minister of Education, was forced out. An American syndicate associated with the Morgan interests has completed arrangements with the Jugoslav government for construction of a railroad connecting Belgrade with an Adriatic port, either on the Dalmatian or the Herzegovina coast.

As the result of a political feud of long standing between M. Averescu and M. Jonescu, a cabinet crisis was precipitated in **Rumania.** After the downfall of the Averescu ministry a new government formed by M. Jonescu was soon forced to retire, and in February the Liberal party, absent from power since 1919, came into the ascendency under the leadership of the veteran M. Bratiano, who became Minister of Finance. The other portfolios were filled as follows: Interior, M. Viatoiano; Foreign Affairs, M. Duca; Industry, M. Sasso; Public Instruction and Commerce, M. Angelesco; Agriculture, M. Constantinesco; Public Worship and Public Works, M. Banu; Labor, M. Marzesco; Justice, M. Floresco; Transport, M. Moscui. The new government has undertaken to inaugurate a scheme of thoroughgoing economic reconstruction in the hope that all government waste may be eliminated.—The agrarian reforms undertaken last year (*cf.* last RECORD, p. 97) are progressing. Considerable anxiety has been manifested by the Rumanians throughout the year concerning the attitude of Soviet Russia toward Bessarabia. (*Cf. supra*, p. 93.)

**BALTIC STATES.**—The conclusion of the **Finnish-Russian Peace treaty** (*cf.* last RECORD, p. 98) failed to establish cordial relations between Finland and her Soviet neighbor. The activities of Finnish white raiding bands and the Karelian insurrection (*cf. infra*, p. 117) were largely responsible for the continued tension between the two countries. The League of Nations, to which Finland referred the Karelian question, appointed Poland as arbitrator, charging her with the task of finding an adequate solution of the problem. During the year two important **conferences of the Baltic States** were held for the purpose of establishing more friendly relations and developing a common spirit of cooperation. The first of these, held at Riga in October and November, was attended by representatives of Russia, Finland, Esthonia, Latvia and Lithuania. Numerous problems affecting the economic relations of the states represented were discussed. Among other things it was agreed that Russia should, before the end of the year, negotiate separate commercial treaties on the most-favored-nation principle with each of her Baltic neighbors. It was further proposed that a financial commission be created to consider the possibility of effecting means of closer financial relationship. It was also agreed that a permanent Economic Bureau should be estab-

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lished at Riga for the purpose of carrying out the resolutions of the Conference and of developing further plans for joint action. The second, and in many respects the more important, of these conferences, was held at Warsaw during March. On account of strained relations with Poland, Lithuania was not represented. A common agreement, to be known as the **Baltic Alliance** and to extend for a period of five years, was finally reached. Among other things it provides for arbitration of disputes; confirms the present frontiers as laid down in existing treaties; common customs, economic, postal, railway and consular agreements; and the adoption of a common economic policy toward Russia. It also stipulates that no member shall make any new treaty inimical to the others. — Failure of Premier Vennola and his cabinet to induce the Diet (Eduskunta) of **Finland** to ratify the Baltic Alliance Treaty led to the resignation of the entire ministry on May 13. Pending general parliamentary elections a temporary government was formed under the leadership of Dr. A. K. Cayander. — A **German-Finnish commercial treaty** was signed in Berlin April 22.—The Council of the League of Nations on January 11 formally undertook to guarantee the neutralization of the **Aland Islands** and to shoulder responsibility of enforcing treaty stipulations respecting the islands. Finland is empowered to act in defense of the islands if their neutrality is threatened. Axel L. Astrom has been named as Finnish Minister to the United States.—On January 7 **Esthonia** signed an important commercial treaty with France; by its terms France is granted most-favored-nation treatment for her exports to Reval, together with a rebate for wines, silks and perfumes. France grants Esthonia the minimum tariff for certain goods and rebates of from fifteen to sixty per cent on others. The **Esthonia-Finland Treaty** of January 29 provides for reciprocal customs preference, which almost amounts to a customs union. — In **Latvia** the Meierowics government has directed its efforts to establishing more friendly relations with the neighboring states and improving the internal conditions of the country. In July a Concordat was arranged with the Vatican. During the year the Latvians negotiated a commercial treaty with France, similar to that between France and Esthonia. Over 200,000 Lettish refugees have been repatriated from Russia.—In **Lithuania** a new coalition cabinet of Democrats and Christian Democrats, headed by M. Galvanauskas, came into office toward the end of January. (*Cf. infra:* Poland, p. 112, Russia, p. 117.)

**BELGIUM AND LUXEMBURG.** — Parliamentary elections held on November 20-28 brought to a close a hard-fought campaign which focused on the question of language, national defense, and reduction of the period of military service to six months. In the Chamber of Deputies, chosen directly, the Catholics returned 80, Socialists 68,

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Liberals 34, and other parties 5. In the Senate the Catholics are represented by 73 members, Socialists 52, and Liberals 28. The elections as a whole showed a gain for the Catholic party and a loss to the Socialists, while the Liberal representation remained practically unchanged. The twenty senators chosen by cooptation are persons distinguished for their intellectual, moral and economic services to the country. Mme. Marie Spaak-Janson, Socialist senator, is the first woman elected to a Belgian parliament. Following the resignation of Count de Wiart as premier a new cabinet was organized by M. Georges Theunis as follows: M. Georges Theunis, Premier and Minister of Finance; M. Jaspar (Catholic), Foreign Affairs; M. Masson (Liberal), Justice; M. Van de Vyvere (Catholic), Economic Affairs; M. Devèze (Liberal), Defense; Viscount Berryer (Catholic), Interior; M. Neujean (Liberal), Railways; Baron Ruzette (Catholic), Agriculture and Public Works; M. Moyersven (Catholic), Industry and Labor; Professor Hubert (Liberal), Sciences and Arts; M. Franck (Liberal), Colonies. The new ministry thus included five Catholics and five Liberals, the Socialists being unrepresented. The new Catholic-Liberal coalition, in which confidence was expressed by a vote of 73 to 13, has had a stabilizing effect upon business interests, which look to it for the eventual repeal of the paternalistic legislation enacted under pressure of the Socialists. — Still staggering under a burden of taxation necessitated by interest charges on the national debt of 35,000,000,000 francs, with government expenses five times as great as before the war, and with the cost of living four and a half times the standard of 1913, the country has, nevertheless, made considerable material progress. Unemployment has steadily decreased, yet the unemployment indemnity of five to ten francs a day per family still constitutes one of the heaviest drains on the treasury. Foreign trade statistics for 1921, as compared with the previous year, indicate a falling off of exports and imports, but show a slight improvement in trade balance. Imports decreased from 12,941,765,000 francs in 1920 to 10,054,583,000 francs in 1921, a decrease of 2,887,182,000 francs, while exports decreased from 8,862,011,000 francs in 1920 to 7,147,327,000 francs in 1921, a decrease of only 1,714,684,000 francs. The budget for the current year provides for a total expenditure of less than 7,500,000,000 francs as compared with 8,500,000,000 francs in 1921, and nearly 9,500,000,000 francs in 1920. Taxes have been so increased that the deficit contemplated for 1922 will be only about 1,000,000,000 francs as against 4,000,000,000 francs for 1921 and 7,000,000,000 for 1920.

The treaty providing for **economic union between Belgium and Luxemburg** became effective May 1, 1922, following an exchange of ratifications on March 6. By this agreement each nation preserves its absolute sovereignty and independence; the customs frontier between

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the two countries is abolished; Luxemburg adopts the Belgian tariff schedule on its other frontiers; receipts from customs are to be pooled and divided in proportion to population. Henceforth, so far as other states are concerned, Belgium and the Grand Duchy constitute a single entity in economic matters, and future commercial treaties will be concluded by Belgium in the name of the Customs Union. Luxemburg has very few consular agents in foreign countries and, since 1880, the protection of its commercial interests has been cared for chiefly by the consular agents of Holland; this duty has now been transferred to Belgian consuls. The currency of the Grand Duchy will be retired and the Belgian monetary system will be extended over Luxemburg. The treaty also provides for the operation of the Grand Duchy's railways, which constitute Belgium's principal outlet toward Alsace-Lorraine, Switzerland, Southern Germany, Italy and Eastern Europe. Three mixed commissions and a court of arbitration are provided to carry out the agreement on an equitable basis.

The Central Industrial Committee formally congratulated M. Jaspar, Minister of Finance, for his insistence as to the sacredness of private property and his opposition to nationalization at the Genoa Conference (*cf. supra*, p. 11). Belgian investments in Russia total $700,000,000; Belgian interests alone own or control 151 Russian industrial, mining or manufacturing enterprises including 57 mines and metallurgical plants, 16 foundries, 15 plate and window glass establishments, and 13 public-utility systems. One-third of Russia's pig-iron, 42% of her sheet-iron and rolled-iron, 75% of her chemical products, and over 30% of her glass are produced by these Belgian enterprises (*cf. supra*, International Relations, p. 14).

**CZECHOSLOVAKIA.** — Despite handicaps, Czechoslovakia has continued her policy of strengthening her position in Central Europe. To this end she entered into an **alliance with Rumania** in order to secure protection against any aggressive act on the part of Hungary. Late in August she signed a military **compact with Jugoslavia** providing means for executing and defending their treaty of alliance (*cf.* last RECORD, p. 6). With **Poland** she concluded both a commercial treaty and a political agreement; the latter is directed against no third country, and is merely a sanction of the friendly relations existing between the two contracting parties, but at the same time it expressly stipulates the determination of both countries to resist Habsburg restoration anywhere and under any circumstances. With **Austria** she likewise concluded a five-year agreement, paving the way for a mutual policy of friendship and cooperation, and guaranteeing mutual support in maintenance of the peace treaties of St. Germain and Trianon. On June 5 a provisional treaty with Soviet **Russia** and Ukrainia was signed at Prague; the text contains a declaration

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of mutual neutrality and a diplomatic and consular arrangement. The questions of *de jure* recognition and legal revindication of property of Czechoslovak citizens in Russia were reserved for future decision.—The Federation of Trade Unions in its annual report stated that in the year 1920 its total membership amounted to 822,561 persons, an increase of 94,056 over the preceding year.—Within the year the government signed an agreement with the Franco-American Standard Oil Company granting to it a monopoly for prospecting, well-sinking and, subject to certain restrictions, a trading concession for thirty years.—President Masaryk issued an amnesty setting at liberty practically all the Communist agitators and their followers who were jailed for participating in the abortive uprising and general strike of December, 1920 (*cf.* last RECORD, p. 88). (*Cf. supra*, Austria, p. 85; *infra*, Hungary, p. 104.)

**FRANCE.**—National security, disarmament, reparations, economic and social problems, and matters of foreign policy have occupied the foreground in French political life during the period under review. The French believe that the best guarantee for their security lies in **military preparation.** President Millerand, at a naval celebration at Havre on July 25, declared that on land and sea alike France desired only to secure her future safety, and that a strong fleet as well as a strong army was necessary for her national safety. M. Briand, on the eve of the Washington Conference, declared in strongest terms that France could never disarm unless she received absolute guarantees of protection for the future. At the Disarmament Conference he expressed the same view (*cf. supra*, p. 5). In advocating the passage of the new French army bill, providing for an army of 630,000 effectives, M. Poincaré, shortly after he became Premier, declared that for reasons of defense France must be a "military power, but not militarist". In connection with the reorganization of the army, the Chamber of Deputies by a large majority provided for the calling up of the 1922 class in May and November, thus making it possible to introduce a new system of eighteen months' service by 1923. On December 9 the Chamber unanimously adopted a measure providing for the building of three light cruisers, six destroyers, twelve torpedo boats and twelve submarines between 1922 and 1925, the total expense being estimated at 755,000,000 francs. That national security by armaments is financially embarrassing to France is evident from the official statement that the annual expenditure for her army and navy totals 4,500,000,000 francs, while her budget at the same time shows a deficit of over 2,000,000,000 francs.

Intense excitement was occasioned in French political circles when on January 12 a **ministerial crisis** was precipitated. For months the **Briand government** had been the storm-center of bitter nationalist attacks; so severe was the criticism that before consenting to head

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the French delegation to the Washington Conference, the Premier had demanded that the Chamber express confidence, which it did by a vote of 391 to 188. On his return from the Conference he found a number of interpellations awaiting him in both Houses; those in the Chamber were postponed in order not to interfere with the debate on the budget. A small group in the Senate, however, insisted on a public statement, and in reply to their demand the Premier reviewed his policy at length, concluding his remarks with an eloquent plea for the continuance of the *Entente*. On December 6 both Houses expressed confidence, the Senate by a vote of 249 to 12, the Chamber by 460 to 100. The Cannes Conference followed (*cf. supra*, p. 9) and the report soon circulated that in return for the Franco-British treaty M. Briand had made certain concessions on reparations and was yielding to the British demand for leniency toward Germany and for resumption of relations with Russia. The opposition press seized the opportunity to make a bitter onslaught on the government, and the Senate Commission for Foreign Affairs on January 11 sent a warning telegram embodying a resolution adopted unanimously by 25 senators, declaring that no reductions in reparations should be made, and that the Franco-British compact should, above all else, confirm the guarantees, the methods of execution, and the securities then held by France under the Versailles Treaty. Objection was also made to French participation in the proposed Genoa Conference, to which both Germany and Soviet Russia were to be invited, unless all French rights were previously guaranteed. So violent was the feeling that finally President Millerand urged the Premier to return immediately to Paris. M. Briand hastened home, met with his cabinet, and then appeared before the Chamber to defend his course of action and his policies. The resounding applause following his powerful address, in which he challenged his opponents, had scarcely ceased before he abruptly announced his resignation and that of his ministry. The task of forming a **new government** was assumed by M. Poincaré, former president, ardent nationalist, and arch-enemy of Briand. Taking the portfolio of foreign affairs, he associated with him M. Barthou as Minister of Justice; M. Maginot, War and Pensions; M. Raiberti, Marine; Count de Lasteyrie, Finance; M. Maunoury, Interior; M. Bérard, Education; M. Le Trocquer, Public Works; M. Chéron, Agriculture; M. Sarraut, Colonies; M. Reibel, Liberated Regions; M. Peyronnet, Labor; M. Diot, Commerce, M. Strauss, Health. Of the new cabinet, made up wholly of members of the Right, five served under Briand while four have never held public office before. In announcing his program, the new Premier declared that France would remain on the Rhine until Germany had paid her reparations, restored the devastated provinces, and fulfilled the Versailles Treaty in respect to disarmament, punishment of war crimi-

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nals, and other provisions. He further declared himself in favor of the projected Anglo-French alliance, but made it clear that France would not be represented at the Genoa Conference unless she received very definite guarantees respecting Germany and Russia (*cf. supra*, p. 10). On January 19 the Chamber by a vote of 472 to 107 expressed confidence. In restating his policy before the Chamber of Deputies on April 1, just prior to the opening of the Conference, M. Poincaré emphasized particularly the French demands regarding Russia, and insisted that the Conference must adhere to the Versailles Treaty in so far as Germany was concerned. The Chamber voted to sustain him 484 to 78. Replying in the Chamber on June 1 to interpellations on his foreign policy, the Premier declared that France could not forever be dragged at England's tail, and if the Entente were to endure, France must be treated as an equal. France, he said, did not desire to act alone against Germany to compel enforcement of the Versailles Treaty, but could do so if necessary. "Dangerous attempts", he further asserted, were being made to cut down claims on Germany. To prevent such action, he stated that he had forbidden M. Du Bois, the French representative on the Reparations Commission, to consent to any reduction of the French claims. At the same session the Socialist deputies, under the leadership of M. Herriot and M. Moutet, savagely attacked the government's policy toward Russia; riot ensued, but when order was restored the Chamber expressed confidence by a vote of 484 to 100.—The appearance of the Premier and M. Sarraut, Minister for the Colonies, before the joint Foreign Affairs and Army and Navy Commissions on March 17 resulted in a stormy sesion. M. Sarraut vigorously defended the French delegation at Washington and expressed satisfaction with the results of that conference in so far as France was concerned. The Premier, though guarded in his statements, expressed little enthusiasm for the work done by ex-Premier Briand, and when challenged by M. André Tardieu, who declared that France had been humiliated in being excluded from the early deliberations leading up to the Four-Power Treaty (*cf. supra*, p. 2), replied that he was not the sponsor for the French delegation nor was he responsible for either its membership or its policies. He stated, however, that "France shall never attend another conference where she will not be treated on the same footing with other countries"—A lull came when Parliament adjourned on April 8. It was of short duration, however, for no sooner had it reassembled on May 23 than the Premier and his policies became targets for attack. Indeed, no less than twelve interpellations on various matters of government policy, including German reparations, the military bill, the Entente with England, and the attitude of France at Genoa, filled the agenda to overflowing. On May 26 Albert Favre, one of the leaders of the hitherto friendly Radical Socialist party,

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not only denounced the Premier's German policy, but vehemently declared that he had deliberately striven for the failure of the Genoa Conference. On June 1 M. Poincaré ably defended himself against these and other charges, but on the following day riotous scenes occurred in the Chamber and a pitched battle was narrowly averted when, in discussing the Russian question, the Radical Socialists rose *en masse* to attack the parties of the Right. Amidst these stormy scenes the Premier's policy was approved by the overwhelming majority of 484 to 100.

In submitting his report on the French **budget for 1922,** M. Doumer, Minister of Finance in the Briand Cabinet, placed the financial disaster due to the war at 240,000,000,000 francs. The total debt, which in 1914 amounted approximately to 27 milliard francs, is now 264,341,000,000 francs. Of this amount about 35,000,000,000 francs is owed abroad, over 15,000,000,000 francs being due to the United States. The budget, as approved by the Chamber of Deputies on December 14, provides for an expenditure of 25,140,000,000 francs with receipts of 24,327,000,000 francs. The budget could be balanced, M. Doumer asserted, by drastically cutting down government waste and expense and by increasing certain taxes. The income tax, from which the government hoped to receive considerable revenue, has thus far proved to be a disappointment; in 1919 only half a million people declared their income, and in 1920 the number was slightly increased. During the last fiscal year the number again fell off to 500,000, of which a half returned figures so small as to be insignificant for revenue purposes. On February 19 the Minister of Finance issued an edict declaring that unless delinquents paid their obligations after three months' notice they would be subject to garnishee proceedings. It was discovered that 200,000 persons had failed to make returns.—On May 17 the **American War Debt** Funding Commission was informed by the French government that it was ready to send a special mission to America to confer regarding payment of its debt. The American government on June 1 replied that it was ready to receive such a mission and Jean Parmentier, Administrator of the Ministry of Finance, was selected to head the mission. The French war debt on May 15 totaled $3,340,857,593 of principal and $430,000,000 of accumulated interest as contrasted with Great Britain's debt of $4,135,818,358 principal and $611,000,000 interest. Officials at Washington expressed the opinion that France would make no immediate payment on account but would arrange terms for future payments when funds became available.

The **resignation of M. Berthelot** as Secretary of the Ministry for Foreign Affairs, the result of allegations that he had abused his official position in the matter of the Banque Industrielle de Chine which had suspended payments in June, caused a mild sensation in

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political circles during December. A decree of March 17 suspends the late Secretary from his duties as an ambassador for a ten-year period without remuneration. — By the adoption of a resolution by the Chamber the government has been authorized to negotiate with the Chinese government for the assignment of the French instalments of the **Boxer indemnity** for the purpose of refloating the Banque and bolstering up the material and moral interests of France in the Far East. — Great political and commercial importance was attached to President Millerand's tour of the French **African colonies** which began on April 6. The purpose of the tour, it was announced, was to pay tribute to the Moroccan and Algerian soldiers who fought in French ranks in the World War, and to encourage the development of the numerous French projects which are springing up everywhere. These include improved ports, new railroad lines, modern highways, construction of public edifices, and numerous agricultural and mining enterprises. The visit was slightly marred by tribal uprisings and nationalist demonstrations, particularly in Tunis. Considerable alarm has been manifested in government circles on account of the prevailing unrest in **Syria** and the serious anti-French demonstrations which occurred during April and May in Damascus, Homs, Hamma, Aleppo, and other Syrian centers. Dr. Shahbander, the Ghandi of Syria, and other leaders have been imprisoned. Thus far General Gouraud, the French High Commissioner, has failed to regain the confidence of the people and order is being maintained by force of troops. The Syrians desire to govern themselves and charge France with bad faith as a mandatary trustee.

According to the **census** of 1921 the population increased last year only one-third as fast as that of Germany. The total population of 37,000,000 the French hope to increase by a system of marriage and birth bonuses. To this end a nation-wide employers' association has been formed to which each employer contributes in proportion to the number of his employees. From the association fund every married man receives on the average two francs per day in addition to his wages and two francs per day for every child. The average daily wage of the French workingman is twenty francs and the bonus amounts to a 10% increase for married men.—On July 7 the Senate voted a credit of 10,000,000 francs for relief of the unemployed. The government has also taken active measures to fight tuberculosis, to aid in infant relief, and to encourage marriage by legislative action.— The foundation stone of the **new Rheims Library** was laid on July 21. The funds were donated by the Carnegie Foundation for International Peace. The presentation was made by Dr. Nicholas Murray Butler, president of the Foundation.—By a vote of 92 to 3 the Council of the **French Labor Federation** on February 14 expressed confidence in M. Jouhaux, leader of the Moderates.—By the **death of ex-Presi-**

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dent Paul Deschanel on April 28 France lost a distinguished historian and a member of the French Academy. (*Cf. supra*, Baltic States, p. 91.)

**GERMANY.**—The principal events during the year revolved around economic problems and the effort of Germany to improve her diplomatic and international status. Despite financial chaos, characterized by the rapid depreciation of the mark and the exceedingly high prices demanded for foreign raw materials, industry has not only continued but has increased the scope of its operations and output. Indeed industrial concerns and business men made rapid progress in recovering their pre-war markets, especially in South America and the Far East. Remarkable development has been made during the year in rebuilding Germany's **merchant fleet.** Hamburg's shipping traffic in July amounted to about 60% of what it was in July, 1913; in other harbors it was 75% of its pre-war dimensions. It is estimated that at the present rate of building Germany will at the end of five years have a merchant fleet equal to that of 1914. One explanation for this progress is that the government in paying 12,000,000,000 marks indemnity to shipowners for losses under the Versailles Treaty, stipulated that 90% of this amount be spent in building new ships in German shipyards, allowing only 10% to be used in new purchases, the buying back of ships, or the chartering of foreign vessels.—Although the cost of living increased, it was estimated in official circles that not more than 100,000 persons were drawing unemployment benefits on November 1 as against 742,000 the previous June. On May 7 it was officially announced that only 12 out of every 1,000 persons were unemployed. The great Krupp works at Essen, now completely disarmed and demilitarized, are employing 5,000 more men than in 1913; the giant gun lathes are turning out nitrate tubes; locomotives, agricultural machinery, cash registers, motor trucks, steel freight cars and railroad signaling apparatus also are being manufactured on a large scale.

The problem of securing adequate revenue for reparations (*cf. supra*, p. 14) and for financing the government proved to be an extremely difficult one. The **taxation program** submitted to the Reichstag early in July called for the raising of about 80,000,000,000 paper marks. In an attempt to satisfy both the Right and the Left, the plan provided that half the amount should be raised by direct taxation and half by indirect levies. So rapid was the decline of the mark, however, that by November 1 the budget estimates and taxation plans were almost completely upset. It was calculated that an additional 30,000,000,000 marks would have to be added to the yearly expenses of the government in order to cover the twenty per cent promised increase in wages to all state employees including railroad men. It was at this juncture that the National Association of German

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Industrialists, dominated by Hugo Stinnes, offered to place at the disposal of the government foreign credits to the amount of 1,500,000,000 gold marks on condition that the Cabinet agree to certain so-called governmental economies such as sale of the railroads, telegraph lines and other public utilities to private investors, abolition of the eight-hour day, and consultation with private interests in formulating tax measures. The socialist and radical press immediately warned the government against being dictated to by capitalistic interests. Negotiations were subsequently broken off by the Association on the ground that the economic losses in Upper Silesia would make it impossible to raise the proposed credits. On December 12 the Federal Council voted to increase postal, telephone, telegraph and railroad rates 2000% above pre-war levels. At the same time the National Economic Council approved a national credit association giving the government power to impose credit on all trades and industries. The **budget** as introduced in the Reichstag on January 30 provided for a revenue of 103,200,000,000 marks and expenditures of 86,700,000,000. The surplus of 16,500,000,000 marks was to be used for reparations. The estimated deficit was placed at 183 milliards of paper marks, of which 171 milliards was charged to reparations. The revised tax plan, submitted by Chancellor Wirth on January 26, provided for a compulsory loan of one billion gold marks, bearing no interest, for three years to cover the 1922 budget expenses except posts and railways; no tax on post-war profits; a 40% increase in coal duty, and sugar duty raised to 50 marks; an increase of 1½ to 2% per 100 kilograms on sales. These new taxes, it was estimated, would increase the receipts by 45,000,000,000 marks.

Although the existing form of government has not been seriously threatened by **reactionary movements** during the greater part of the year under review, the assassination of Matthias Erzberger, leader of the progressive elements of the Centrist (Christian People's) Party, on August 26, by ex-officers who took part in the notorious Kapp *coup* of March, 1920, caused considerable anxiety in republican circles and led to renewed efforts on the part of the government to suppress certain reactionary activities. On August 29 President Ebert issued a decree prohibiting meetings, demonstrations, processions and publication of periodicals if, in the opinion of the authorities, they were calculated to promote violent change or abolition of the Constitution of the Republic. Fines up to 500,000 marks and jail sentences were fixed as penalties for violation of the order. Chancellor Wirth in a proclamation declared the government would employ drastic measures in checking any anti-Republican movement in the Commonwealth. This was followed by an order from Minister of Interior Gradenauer temporarily suspending certain extreme nationalist newspapers, including the *Deutsche Zeitung*, the *Social-Anzeiger* and *Der*

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*Tag*. Another executive order forbade the wearing of army uniforms by persons not in active military service; this order, subsequently modified to allow the wearing of army regalia by ex-soldiers at funerals of their comrades and upon other occasions to be determined by the authorities, was issued for the purpose of putting an end to the frequent display of war trappings by prominent generals, and to prohibit members of the regular army and the security police from participating in nationalist demonstrations. By a further order, Admiral von Scheer and General von Lettow-Vorbeck were forbidden to make speeches in public. The government was warmly defended for its stand not only by the Socialists but even by the Communists; the reactionaries, on the other hand, were outspoken in their condemnation of the government's action. The Nationalist party at its convention which opened at Munich on September 1 voiced its open defiance, ex-Minister of Finance von Helfferich and Dr. Hergt warning Chancellor Wirth not to stir up a Nationalist whirlwind; Dr. Hergt even went so far as to declare that the Constitution would eventually be so changed as to effect the restoration of monarchy. In Bavaria the forces of reaction for a time defied Berlin but under Socialist pressure yielded, Dr. von Kahr and his entire cabinet resigning on September 12 and being succeeded by a more liberal government headed by Count Hugo Lerchenfeld. A further warning to the Monarchists was seen in the issuance of warrants on October 6 for the arrest of Dr. Kapp, Colonel Bauer, Major Pabst, General von Lüttwitz and others, leaders of the Kapp revolt, on charges of high treason. On December 21 a five-year prison sentence was imposed on Dr. Traugott von Jagow for his part in the threatened revolution.

The decision of the Council of the League of Nations respecting **Upper Silesia** (*cf. supra*, p. 18) resulted in intense popular dissatisfaction throughout the country and, for a time, weakened the government. Junker and reactionary business interests were especially bitter in their attacks. This "outrageous" decision, they declared, unmistakably proved that the Chancellor's conciliatory policy toward the Allies and his efforts to meet the terms of the Treaty of Versailles had resulted only in additional insults and impositions by the Entente. After vain endeavors to persuade the leaders of the People's Party (representing big business) to support his plan of accepting the League's decision, Chancellor Wirth and his cabinet resigned office on October 22. Three days later, after futile efforts to induce representatives of the People's Party to form a new cabinet, President Ebert requested Dr. Wirth to resume office and organize a new government. On October 26 the **new cabinet,** in large measure a reorganization of the old and drawn from the Social Democratic, Centrist and Democratic parties, was announced as follows: Chancellor and Minister of Foreign Affairs, Dr. Wirth (Centrist); Vice-

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Chancellor and Treasury, Gustav Bauer (Social Democrat); Interior, Herr Koester (Social Democrat); Defense, Dr. Gessler (Democrat); Economics, Herr Schmidt (Social Democrat); Agriculture and Foodstuffs and Finance *ad interim*, Herr Hermes (Centrist); Posts and Telegraphs, Herr Giesberts (Centrist); Labor, Dr. Henrich Brauns (Centrist); Transportation, General Groener (Democrat); Justice, Dr. Gustav Radbruch (Social Democrat). The new members were Dr. Radbruch and Dr. Koester. The vote of confidence, 230 to 132, following announcement of the slate indicated that the government could for the time being count upon the Social Democrats, the Independent Socialists, the Centrists and the Democrats for support. Neither the Independent Socialists nor the Democrats, however, obligated themselves to support the new government on all occasions. On October 27 Dr. Schiffer, ex-Minister of Justice, was named a national commissioner to negotiate with the Poles and the Council of the League concerning Upper Silesian conditions. On January 31 Dr. Walter Rathenau, former Minister of Reconstruction, was named as Minister of Foreign Affairs despite the opposition of the Nationalists.—Not only was the entire world shocked but friends of the Republic were filled with deep concern by the **assassination of Dr. Walter Rathenau,** Minister of Foreign Affairs, on June 24. For months he had been regarded at home and abroad as the ablest man in the Wirth cabinet. The assassination, which was laid at the door of the Royalists, followed close upon bitter political and anti-Semitic attacks by the Nationalists under the leadership of Dr. Karl Helfferich, who the day before the murder had delivered a savage speech against the Foreign Minister and his policies. The slain Minister was accorded a state funeral in the Reichstag, the first since Bismarck's; he was temporarily succeeded in office by Dr. Haniel von Haimhausen, Under Secretary. During the last days of June drastic measures were undertaken by the government to prevent a Monarchist *coup*.

The expected coalition of the **Social Democratic and Independent Socialist parties** failed to materialize as a result of action taken by the former party at its convention held at Goerlitz September 18-25. After emphasizing the importance of democracy and social reform, the party formally resolved to cooperate with any party that stands for the German Republic. This resolution, in a sense a bid for the support of the People's party, naturally alienated the Independent Socialists. For some time it has been evident that the latter party is dwindling in numbers and influence, its more moderate members joining the Social Democrats and its radical element tending to unite with the Communists.

Throughout the year there has been considerable **labor unrest,** due in large measure to the rapid increase in the cost of living. Living cost, it is estimated, is 32 times as great as in 1913, while wages have

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risen 24 times over those of the corresponding year. On February 2 a strike initiated by subordinate railway employees and engine-drivers for a higher wage soon spread to all branches of the service and resulted in complete cessation of traffic in northern and western Germany. Although the Trade Union Head Committees issued a manifesto calling off the strike and condemning the strikers, they refused to obey. Among other things they demanded (1) the immediate revocation of the government order forbidding railway men to combine and strike; (2) the withdrawal of certain pending bills relating to railway finance and working hours; (3) that the government open negotiations at once with railway and leading trade unions with a view to remodeling and altering wages and conditions of employment. Condemning the strike as a revolutionary act, the government at once adopted repressive measures, including the confiscation of all strike funds, and issued an edict forbidding railway officials to cease work under penalty of imprisonment or fine up to 50,000 marks. At the end of six days the strike was called off, the government promising that disciplinary measures on a large scale or wholesale dismissals would not be resorted to. Two days later in discussing the strike at length Chancellor Wirth declared that the issue concerned was not the economic question involving hours and wages, but the right of civil servants to strike. Civil servants, he said, were part of the government and as such must not be allowed to strike. The government's policy was attacked by the Independent Socialists but the Reichstag expressed confidence on February 15 by a vote of 220 to 185, the majority of the Independent Socialists refraining from voting.—By recent announcement 700,000 laborers in Germany are enrolled in the Farm Workers' Union as against 8,000 in 1918. Of the 12,530,238 persons belonging to **labor organizations** on January 1, 1921, 7,601,035 were members of the so-called Free Trade Union based on Socialistic principles; 750,456 were enrolled in the General Free Office Employees League. There were 1,700,000 workers in the Christian National unions, and 246,000 in Communist unions.

The **Peace Treaty** between the United States and Germany was ratified by the Reichstag on September 30 with only a few Communist deputies voting against it; some of the Extreme Nationalists, including Dr. Karl Helfferich, Count von Westarp and General von Gallwitz, left the Chamber before the vote was taken. Dr. Otto Wiedfeldt, the first director of Krupp's and a man of large business experience, was appointed ambassador to the United States.—The work of **disarmament** has continued under the supervision of the Inter-allied Military Control Commission. On September 15 the Commission reported that 102 cannon, 1,000,000 tons of shells, 186 mortars, 2,852 machine guns, 163,000 rifles, and 90,000,000 small arms and cartridges still awaited destruction. As a result of the protest by the

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Commission against the military formation of the Security Police, the number of men in each unit was reduced from 121 to 104.—According to statistics compiled by General von Altrock the **German losses in the war** were 1,805,555 killed and 4,246,779 wounded out of approximately 13,000,000.—General von **Falkenhayn,** former Minister of War and one time Chief of Staff of the German army, died on April 7.—Special **municipal elections in Berlin** on October 16 resulted in a defeat for the Socialist and Communist parties, who polled about 800,000 votes against 845,000 for their bourgeois opponents. The new Board of Aldermen consists of 106 Socialists and Communists and 116 non-Socialists, a loss of 19 for the parties of the Left. (*Cf. supra,* International Relations, pp. 9-22; Baltic States, p. 91.)

**HUNGARY.** — Although the government made repeated efforts throughout the year to place Hungary on a secure footing, chaotic conditions continued and the country was swept by political storms. In July the parliament was thrown into a turmoil when Prince Windischgraetz charged Count Karolyi with having committed treasonable acts during the war. His charges, however, were not substantiated. Throughout the year the feud between the Legitimists, or partisans of the Habsburg restoration, and the Free Electionists, who maintain that the Hungarian throne is vacant and should be filled by popular election, has continued unabated. Late in October **ex-King Charles** made a second attempt to seize the throne; journeying by airplane from Lucerne, Switzerland, he arrived in Oedenburg on October 22 and an army of 12,000 was immediately placed at his disposal. After a day's delay he proceeded toward Budapest. *En route* a cabinet was formed with Stephen Rakovsky, former speaker of the National Assembly, as premier, and including Count Julius Andrassy, Dr. Gratz and Edmund Beniczky, foremost Karlist leaders in parliament. At Raab Charles issued a proclamation to the people announcing his return and convoking the old parliament that had been dissolved by the revolution of October, 1918. At Budapest the government, headed by Count Bethlen, the premier, assumed an equivocal attitude, apparently awaiting the course of events. Later evidence showed that the premier as well as other members of his cabinet had encouraged the plans of the ex-monarch. The bourgeoisie, mostly Jewish, and the organized workers were prepared to hail Charles as a welcome substitute for the terrorism of the Horthy régime, but in certain quarters the Habsburg adventure was unmistakably opposed. The Little Entente was frankly hostile and at once began to mobilize for action. On October 24 the Council of Ambassadors in an ultimatum to Budapest demanded Charles's deposition and delivery to the Allies. Meanwhile Regent Horthy at the head of loyal troops decisively defeated Charles in an engagement fought a few miles southwest of Budapest. Charles and his wife, Queen Zita, were taken

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prisoners and the Karlist leaders, including Andrassy, Rakovzky, Ostenburg, Count Sigray, Beniczky, Gratz and Prince Windischgraetz, were arrested and jailed. Early in November Charles and Zita were exiled to the island of Madeira, off the west coast of Africa, the Allies having resolved to make a third return to Hungary impossible. On April 1 the ex-Emperor died of pneumonia in his island exile. Although the Hungarian National Assembly had enacted a measure barring the House of Habsburg from the Hungarian throne, a proclamation issued immediately after the death of Charles and signed by eighteen prominent Legitimist leaders, headed by Counts Apponyi and Andrassy, announced the succession to the Hungarian throne of Prince Otto, eldest son of Charles, and the regency of Queen Zita pending Otto's coming of age. Cardinal Czernoch, the Prince Primate, endorsed the proclamation, but the government of Regent Horthy took no cognizance of it beyond taking measures to suppress any possible Legitimist *coup*. The frustrated attempt of Charles to regain the throne was followed by a **cabinet crisis,** Count Bethlen and his cabinet resigning. Pending the selection of a new cabinet, however, the Bethlen government remained in office and after several weeks of uncertainty received a promise of support from the leaders of the Assembly, thus enabling it to retain its grip. During the winter the violent attacks against the Horthy régime continued and on February 15 a futile attempt was made to assassinate the Regent. The opposition to the government was in no way allayed by a new **franchise bill** reducing the electorate by about one-quarter and substituting open polling for the secret ballot, thus practically giving the government control over the elections. The **general election** held from May 28 to June 1 resulted in a large majority for the Horthy-Bethlen régime, the majority being composed exclusively of representatives of the countryside constituencies. Only three out of the eleven cabinet members were reelected. Socialists to the number of about twenty were elected for the first time in the history of the country. The Legitimists elected a number of representatives, but the Free Electionists were practically eliminated. — The government in a memorandum to the Reparations Commission reported that the damages suffered under the **Rumanian occupation** of 1919 amounted to 2,500,000,000 gold francs.—A contract has been concluded between the Hungarian government and a French syndicate for the construction of an international free port at **Budapest.** — The separate **peace treaty** between the United States and Hungary was ratified by the National Assembly on December 12. Following the exchange of ratifications Count Széchényi, who married Miss Gladys Vanderbilt, was appointed Hungarian Minister to the United States. (*Cf. supra*, Austria, p. 85.)

**IBERIAN STATES.** — In **Spain** ministerial dissension in the Allende-Salazar cabinet began to manifest itself early in July, and cul-

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minated in the resignation of Manuel Arguelles, Minister of Finance, who insisted that the new tariff, effective on May 19, together with certain commercial treaties, had an injurious effect on the interests of labor. On July 5 the other members of the cabinet joined Arguelles but after pressure from the King they consented to remain, with the exception of the Minister of Finance, whose portfolio was immediately taken by Marino Ordonez. Less than a month elapsed before Spanish troops were disastrously defeated and Spanish rule in Spanish Morocco severely shaken by revolting Moorish tribesmen. In the face of this disaster Premier Allende-Salazar resigned office, August 10, and three days later the veteran leader Antonio Maura formed a new cabinet in which Señor La Cierva held the War portfolio. In his attempt to restore Spanish prestige in Morocco the new Minister of War was bitterly opposed by the army juntas (military committees), who sought to dictate to and interfere with the operations of the army. After weeks of wrangling the cabinet resigned on January 11, following the refusal of the King to take action on a decree presented by Señor La Cierva tantamount to dissolution of the juntas. National feeling, in so far as it was expressed, strongly favored the War Minister and on January 16 the cabinet of Señor Maura was summoned to resume office, which it did upon receiving a written statement of submission from the recalcitrant juntas. Controversy regarding the restoration of constitutional guarantees again resulted in a ministerial crisis and on March 7 the Maura government resigned, being succeeded by a new cabinet headed by Señor Guerra, speaker of the Chamber of Deputies. In outlining his program before the Chamber, the Premier stressed the importance of pacifying Morocco and promised to do his utmost to restore the constitutional guarantees which had been suspended three years previously. On March 30 the official announcement that the King had signed a decree for full and universal restoration met with widespread approval. Early in April it was announced that a Liberal coalition had been formed from all the Liberal groups except the Romanones faction. The coalition program includes constitutional reform, social development, reduction in public expenditure and elaboration of a new civil and military policy in Morocco.

Parliamentary elections in **Portugal** on July 10 gave the governmental party 65 seats, Democrats 57, Monarchists 5, Catholics 2, and other groups 5. When the new Chamber convened on July 25 Premier Qutiroz emphasized the importance of economy in administration, of reorganizing the public service, and of tax reform to include the introduction of an income tax. Towards the last of August, however, the Qutiroz government, failing to receive the support of the Chamber, resigned and was succeeded by a coalition ministry formed by Senhor Antonio Granjo. On October 19 the Premier and Machado

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dos Santos, founder of the republic, were assassinated by their political adversaries. Senhor Maia Pinto then formed a government, but with the dissolution of parliament and the adjournment of elections it resigned office. A fourth cabinet headed by Senhor Cunha Leal came into power on December 15. It pledged itself to remedy the high cost of living, stabilize the government and improve the country's wretched financial condition. The Leal government, however, proved to be merely transitory and on February 3 it resigned following a Democratic landslide in the elections for a new parliament. A new cabinet composed entirely of Democrats and headed by Antonio da Silva took office on February 7; it at once took steps to reduce and render powerless the national guard from which most of the revolutionary movement emanated. In the second place it attempted to remedy the deplorable state of the republic's finances. For the first time since 1918 a budget was introduced; a loan of £3,000,000 from Great Britain, the first loan the republic had ever secured, also indicated that a serious effort was being made to correct grave economic and financial abuses. Meanwhile the Monarchists are confidently planning to return to power.

**ITALY.**—Following the resignation of the Giolitti government on June 27 (*cf.* last RECORD, p. 78), Ivanoe Bonomi, who had held successively the portfolios of War and Treasury under Giolitti, was summoned to form a **new ministry.** By July 5 he had completed his slate, five parties being represented, as follows: two Reformist or War Socialists, namely the Premier as Minister of Interior and Alberto Beneduce (Labor and Social Economy), controlling 21 seats in the Chamber; four Liberal Democrats, namely Marquis della Torretta (Foreign Affairs), Bergamasco (Marine), Corbino (Public Instruction), and Belotti (Commerce and Industry), with 106 seats; three Nitti Liberals, namely Soleri (Finance), Raineri (Liberated Provinces), and de Nava (Treasury), with 41 seats; three Radicals or Social Democrats, namely Gasparotto (War), Girardini (Colonies), and Giuffrida (Posts and Telegraphs), with 37 seats; and three Catholics or Popularists, namely Mauri (Agriculture), Micheli (Public Works), and Rodino (Justice), with 107 seats. Neither the Extreme Right nor Left was represented in the coalition. The new Premier, in outlining his program before the Chamber, declared that Italy would scrupulously respect her foreign engagements and that the Treaty of Rapallo would be observed to the letter. Economic reforms would be carried forward as rapidly as possible; in this connection attention would be given to modifying the law on excess profits and to rehabilitating the finances. He also promised the disarmament of all citizens not legally authorized to bear arms. It was soon evident that the new government would depend upon the Right for the execution of its foreign policy and upon the Left for the execution of its

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domestic policy. Although the new ministry received an overwhelming vote of confidence on July 23, it gradually lost its grip. A number of factors contributed to its downfall. In the first place, discontent was expressed because of the failure of the Italian delegation at Washington to have Italy included in the Four-Power Pacific Treaty, or in the projected Anglo-French Treaty. Secondly, the government's course toward the failure of the Bank of Discount (Banca di Sconto). This institution, one of the largest in Italy, suffered such heavy losses that it suspended payments on December 29. The government at once took steps to protect the bank's creditors, granted a limited moratorium and considered remedial measures for aiding those industries dependent upon the bank. On January 4, however, it was announced that a liquidating court had decreed the sequestration of the private fortunes of the directors of the bank. A third important cause was its alleged pro-Catholic bias. Anti-Catholic groups expressed considerable dissatisfaction on account of the half-masting of flags on public buildings and the sending of a delegation, headed by Minister of Agriculture Mauri, to the Vatican to convey condolences on the occasion of the death of Pope Benedict XV on January 22. On the other hand, Catholic groups were alienated by the failure of the government to have a eulogy of the late Pope read from the tribune of the Chamber as had been promised. Most important of all, perhaps, was the inability of the government to restore order and put an end to the revolutionary outbreaks on the part of Communists and Fascisti alike. The **resignation of Premier Bonomi** was announced on February 2. After a series of conferences with several ex-premiers, including Orlando, Giolitti and Nitti, and a futile attempt on the part of Orlando to form a coalition cabinet, the King on February 9 summoned Premier Bonomi, whose resignation he had not yet accepted, to present himself again before Parliament for a vote of confidence. Lack of confidence was expressed on February 17 by a vote of 295 to 107, the Catholic party and the Reformists alone supporting the ministry; both the Right and the Fascisti voted solidly against it.

After a delay of two weeks Signor Luigi Facta, ranked as a pro-Giolitti man, succeeded in forming a **new cabinet** as follows: Interior, the Premier; Foreign Affairs, S. Schanzer; Navy, S. de Vito; War, S. Amendola; Justice, S. L. Rossi; Treasury, S. Peano; Industry, S. T. Rossi; Public Works, S. Riccio; Labor, S. Dello Sbarba; Posts, S. Di Cesare (later S. Fulci); Education, S. Anile; Agriculture, S. Bertini; Finance, S. Bertone; Colonies, S. Di Scalea; Liberated Provinces, S. Ferraris. The Facta cabinet represented a coalition of all the constitutional groups except the Nationalists and the Fascisti. Faced by both internal and external trouble the new government, like its predecessor, has found its path a thorny one.

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The bitter struggle waged between the **Fascisti and Communists** throughout the greater part of last year subsided somewhat during the first weeks of the Bonomi ministry. The last months of 1921, however, witnessed a recrudescence of violence. In November the Fascisti definitely constituted themselves a political party, extremely national in spirit and principle and pledged to uphold middle-class ideals. In domestic affairs they advocate liberty of contract, cooperation between capital and labor, the establishment of a stabilized class of peasant proprietors, the suppression of the free commune, the centralization of power, and war upon communism. In international affairs they stand for an aggressive foreign policy, the seizure of the eastern shores of the Adriatic, the annexation of Fiume, the Italianization of the annexed areas, and the consistent pursuit of an imperialistic policy in the Mediterranean to benefit the agrarian and commercial interests of the mother country. A new organization, the Arditi del Popolo, composed of extreme Socialists, Communists and radical Catholics, and pledged to violent reprisals against the Fascisti, has grown rapidly in numbers and in power. In addressing Parliament on March 17, Premier Facta announced that the government would restore order impartially between the two warring factions. It was unjust, he declared, to allow a part of the citizenry to disturb the rights of the rest. On the same day it was announced that one thousand Fascisti had been arrested and that disorderly Communist elements were being apprehended. Despite these efforts on the part of the government, trouble still continued between the two factions. As the result of serious street fighting in Rome on May 24, twenty-one persons were wounded. During the following week members of both organizations were killed or wounded in Genoa, Bologna, Trieste, Alessandria and Parma. Permits to carry guns were withdrawn in both the city and province of Rome and in Florence. In the latter city 65,000 Fascisti assembled during the last of May; wire communication with the outside world was cut off, and surrounding villages, controlled by Socialists and Communists, were bombed or burned and Socialist or Communist mayors everywhere forced to resign. During June the country seemed to be drifting rapidly toward even more widespread civil war.

The Fascisti on March 3 seized **Fiume,** reopening what was thought to be a settled problem. By the terms of the Treaty of Rapallo Fiume was given the status of a free city and by September 7 the legionaries of d'Annunzio had withdrawn; a month later the Constituent Assembly, chosen under the supervision of an Italian commissioner, elected Professor Riccardo Zanella president of a provisional national government by a vote of 57 to 11. At the time the minority group, under the leadership of Signor Blasich, declared it would continue to fight for annexation to Italy. For months Zanella

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endeavored to disarm the Fascisti but without success, the Italian carabineers being half-hearted in their assistance. The Fiume president then demanded that the Italian government allow the Free State to have its own police force. The Fascisti objected and the Nationalist press of Rome labeled Zanella as an enemy of Italy. A climax was reached when on March 3 the Fascisti stormed the government palace, forcing Zanella to surrender and flee the city. The president and about two-thirds of the Constituent Assembly took refuge in Jugoslavia where they are holding official meetings and from whence they have appealed to the Jugoslav premier to intervene and restore normal conditions. Meanwhile Signor Schanzer, Minister of Foreign Affairs, on March 19 reiterated the intention of the government to uphold the terms of the Rapallo pact respecting Fiume. He also declared that the Italian policy toward Albania would remain unchanged except that Italy would ask to be allowed to withdraw the Italian detachment at Scutari. After he had outlined the government's policy toward European peace and the program of economic restoration which Italy would pursue, confidence was expressed by a vote of 275 to 89. On April 14 Rome officially announced that the conversations between Italian and Jugoslav representatives continued in a conciliatory spirit, and that an attempt was being made to find a solution of the Fiume problem. Within a week following, Zanella, in a message to Premier Facta, declared that no agreements could be stipulated with respect to Fiume without the approval of its constituted government. Pending an adjustment of the difficulty, the city is under military control of the Italian army.

By a Treasury decree of August 23 the United States dollar, and not the English pound, will in the future be the Italian standard of international payments.—The cost of replacing the war ruin wrought in the Asiago and Trentino regions has been placed at 3,000,000,000 lire at the present rate of exchange. Over 130,000 homes were destroyed; of these 50,000 have been rebuilt. It is estimated that it will require two years to complete the task.—According to figures given out by the government Statistics Bureau on April 14, Italy's population on December 1 totaled 38,835,174 including 1,564,691 persons in the redeemed provinces. The increase over the census of 1911, excluding the redeemed populations, amounted to 7.5%.—Notwithstanding Italy's desperate internal situation, some little attention has been devoted to her **colonies** during the year. In May it was reported that the Duke of Abruzzi was giving all his time to the development of Italian Somaliland where 7500 acres of land have been prepared for the cultivation of cotton, the first crop of which is expected this year; 13,000 additional acres are being irrigated and prepared for other crops. On May 23 it was officially stated that Italy had begun an offensive against the Arabs in Tripoli. Local levies supported by a

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few Italian regiments under command of General Badoglio comprise the Italian forces. Bombing airplanes are also being extensively used by the Italians.

On September 30 the **Vatican** semi-officially declared that it could not take the initiative in the settlement of the "Roman question" which had been rumored. In reply, the government press observed that the Quirinal was quite satisfied with the *de facto* reconciliation brought about during Signor Nitti's premiership. On February 6 Cardinal Ratti, Archbishop of Milan, was chosen to succeed Pope Benedict XV, who died on January 22. The new Pope, who has taken title of Pius XI, is said to favor reconciliation with the Italian government.

**NETHERLANDS.**—Following the rejection by the Second Chamber of an essential clause in the new army bill providing for a reduction in forces, the Dutch cabinet formally resigned on July 18, 1921. Actual resignation, however, was postponed and by July 27 Premier Ruys de Beerenbrouck had reconstructed his ministry by naming Burgomaster de Geer of Arnheim as Minister of Finance, and M. Van Dyk, former chief of the Typographic Institute, as head of the Army and Navy Department.—When parliament reassembled on September 20 the Queen, in her speech from the throne, warmly advocated strengthening the fleet so that Holland's eastern possessions might be adequately protected. The government proposed to confine its practical program to the requirements for the next six years; this will involve the completion of two cruisers, the building of twelve destroyers, ten submarines, two submarine mine-layers, a mother-ship for submarines, four scouts, material for the air fleet and the making of about 4,000 mines. This curtailed plan, if followed to completion, will cost Holland annually approximately $15,000,000. Many Hollanders, especially Socialists and Communists, asserted that Holland could ill afford such an expenditure, and that the Four Power Treaty negotiated at the Washington Conference (*cf. supra*, p. 2) rendered defense of the neutrality of the Dutch Indies superfluous.—Unemployment and strikes have been prevalent throughout the year. Business interests have been especially insistent that the legislation regulating trade and limiting hours and conditions of labor be modified.—Complete census returns show that the population at the close of 1920 was 6,926,314.—The Social-Democratic Labor Party at its twenty-sixth annual convention in December emphasized the importance of continuing the struggle for disarmament and nationalization. The party leaders did not disguise their readiness and anxiety to secure the active cooperation of the Catholic labor organizations; their overtures, however, were accorded a scornful reception by the Catholic press.

**POLAND.**—Throughout the greater part of the year Poland has been engaged in serious disputes with her neighbors, Russia, Lithu-

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ania and Germany. Alleged failure on the part of **Russia** to surrender certain property and to pay 30,000,000 gold rubles as stipulated in the Treaty of Riga (*cf.* last RECORD, p. 86), brought the two countries to the verge of a new war. After a heated exchange of notes, however, a supplementary agreement was reached on October 8. By it Poland agreed to expel anti-Soviet plotters, and Russia promised to return Polish property and pay the sum pledged in the Riga Treaty within two weeks. The Soviet authorities in mid-December made their first payment in the amount of 50,000,000,000 Polish marks, thus giving Poland its first substantial gold reserve. During January and February anti-Bolshevist groups in Poland carried on a sort of guerilla warfare against Russia. So annoying to the latter did this become that early in March M. Tchitcherin, the Soviet Foreign Minister, called upon the Warsaw government to break up these organizations. He contended that the Ukrainian General Petlura and others were preparing on Polish territory for a Spring attack on Russia, and declared that any further violations of the Riga Treaty would tend to bring about a resumption of war between Poland and Russia. To these charges the Poles entered a general denial.

The final chapter in the long dispute between Poland and Lithuania regarding **Vilna** (*cf.* last RECORD, p. 99), was practically terminated when on March 24 the Polish Diet voted formally to annex the territory over Lithuania's protest. The Lithuanians insisted upon the immediate withdrawal of General Zeligowski, who for many months had illegally held the territory. They further proposed that Vilna be made an autonomous community, which proposal the Poles energetically refused to accept. By resolution of September 24 the Assembly of the League of Nations urged the two countries to open new parleys with a view to reaching a satisfactory settlement. Finally President Pilsudski elaborated a plan providing for the erection of Vilna into an independent state to be known as Central or Middle Lithuania. The plan also provided for the resignation and withdrawal of Zeligowski and the holding of new elections in the disputed area. The Pilsudski scheme, bitterly opposed by the Polish annexationists, was accepted by the Polish Diet but only after President Pilsudski had threatened resignation. Toward the end of November Zeligowski withdrew, turning over the administration of the district to M. Meysztowics, a native of Vilna. Plebiscite elections to determine the future of the territory, held January 8, resulted in favor of Poland, but the Council of the League of Nations refused to accept the result on the ground that the elections had not been held under its supervision. The Lithuanian government on its part declared that irregularities had occurred and that the election had been stage-managed by Poland. Despite the League's ruling and the Lithuanian charge, the Vilna Diet on February 20 unanimously voted for union with Poland.

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On March 2 Great Britain warned Poland that serious consequences to the peace of Europe might follow any attempt at annexation. Accordingly on March 3 the demand of the Vilna delegates, that Vilna be fully and immediately incorporated, was rejected by the Polish cabinet, with the result that the cabinet fell from power, an evidence of the strong sentiment in favor of complete and immediate union. The formal incorporation of Vilna as Polish territory on April 18 was followed by an endeavor on the part of the Poles to settle the status of the neutral zone between Poland and Lithuania. A request from Poland to the Council of the League of Nations that the zone be divided was referred to M. Hymans of Belgium. On his recommendation the Council decided to maintain the military neutrality of the zone so far as the keeping and transit of war materials were concerned, but, with this exception, to establish a provisional line of demarcation in order that legal and judicial administration might be facilitated. — The settlement of the **Upper Silesian question** was, on the whole, eminently satisfactory to the Poles (*cf. supra*, p. 18). On August 15 it was officially announced that an agreement had been concluded with the Free City of **Danzig** providing for the abolition after April 1 of the customs frontier between the Free City and Poland. (*Cf. supra*, p. 93.)

A number of important **governmental changes** occurred during the year. After several stormy months of struggle the government of M. Witos resigned on September 9. Unable to form a parliamentary cabinet, the party leaders resorted to the unprecedented experiment of forming an "Extra-Parliamentary" government. The new ministry, headed by M. Ponikowski, Director of the Warsaw Polytechnical College, was as follows: Foreign Affairs, M. Skirmunt; Finance, M. Michalski; Transportation, M. Sikorski; Public Works, M. Narutowicz; War, M. Sosnkowski; Commerce and Industry, M. Strasburger; Agriculture, M. Raczynski; Posts and Telegraphs, M. Steslowicz; Health, M. Chodzko; Justice, M. Sobolewski; Provisions, M. Wyczolkowski; Internal Affairs, M. Downarowicz; Public Welfare, M. Darowski; German Poland, Dr. Trzcinski. The new government made excellent progress in stabilizing the economic conditions of the country and its withdrawal, in connection with the Vilna episode, proved to be only temporary, all the former ministers being recalled with three exceptions: M. Zagorny-Marynowski became Minister of Transportation; M. Ossowski, Minister of Commerce and Industry, and M. Kamienski, Minister of Internal Affairs. Serious differences of opinion within the cabinet itself over the question of procedure to be adopted in forthcoming elections for a new and regular parliament, together with the feeling that it had completed its task in the field of international affairs, led to the resignation of the Ponikowski government on June 6. It was succeeded on June 29 by a new gov-

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ernment headed by Arthur Sliwinski.—The **new electoral bill** provides for a parliament to consist of a Lower House of 408 deputies and a Senate of 102 members. The state is to be divided into 69 electoral districts, each of which will be represented in the Chamber of Deputies by from four to sixteen deputies. The City of Warsaw will be allowed sixteen representatives. The ratio of representation will be one deputy for every 65,958 inhabitants.

**RUSSIA.**—Although Russia has passed through another year of famine and uncertainty, the Soviet government still retains control. Throughout the year it apparently redoubled its efforts to secure recognition of the great Western Powers, not to mention the smaller European states. To this end Lenin and other more moderate leaders have manifested an increasing tendency to compromise with capitalism.—Owing to protracted drought, lack of seed and the demoralization of the Russian transport service, a **famine** scourge gripped the country during the greater portion of the year. In July it was officially reported that a state of famine prevailed in ten provinces including Ufa, Tzaritzan, Saratov, Samara, Sumbirsk, Viatka, Perm, Kazan and the northern Caucasus. These provinces, for the most part located in the rich and fertile valley of the Volga, were at the beginning of the year populated by about 18,000,000 people. Thousands who sought relief by migrating elsewhere fell victims to cholera and typhus as did other thousands who remained behind. To combat both famine and pestilence not only did the Executive Committee of the Soviets abandon its normal work, but a special Famine Relief Commission was created to deal with the twin problems. On July 11 Archbishop Tikhon, head of the Orthodox Greek Church in Russia, appealed to the Archbishop of Canterbury and York for food and medicine for the famine-stricken area. Two days later a similar appeal came from Maxim Gorky on behalf of the millions of his countrymen threatened with destruction. Still another appeal was sent to United States Secretary of Commerce Hoover asking for assistance. In reply Mr. Hoover made it clear that the United States was ready to help starving Russia on condition (1) that the Soviet government free all Americans confined in Soviet prisons; and (2) that the Soviet government officially state to the American Relief Administration's representatives at Riga that help was needed and desired, that representatives of the organization be given full liberty of movement in Russia, be allowed to organize local committees without Soviet interference, be afforded free transportation of supplies, receive free housing, fuel and equipment, and that rations for the sick from the Soviet government must be continued despite the importation of food by the American mission. The committee on its part promised to distribute aid to all sects and classes impartially and to refrain scrupulously from every kind of anti-Soviet propa-

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ganda. These conditions were accepted by the Russians on August 19 and the machinery of relief was at once put in operation under the supervision of Col. W. H. Haskell. By the end of September 5,000 tons of food had been shipped into Russia. On December 23 the American government appropriated $20,000,000 for Russian relief on condition that the Soviet government would expend $10,000,000 for the purchase of food and seed supplies in the United States within 90 days. At Christmas time Colonel Haskell reported that 27,000,000 Russians were starving. During the winter numerous charitable and humanitarian organizations in the United States as well as various European National Relief organizations rendered splendid service. An International Relief Commission, headed by Dr. Fridtjof Nansen, with branches in eighteen countries, aided in saving millions of lives. On February 9 the Central Executive Committee of the Soviet government resolved on the **confiscation of ecclesiastical property,** for the purpose of famine relief. This decision, quite in keeping with the advice of Archbishop Yevdokim of Novgorod, was bitterly opposed by most of the higher dignitaries of the Church including Archbishop Tikhon, the Patriarch of all Russia. Early in May a number of the higher clergy were condemned to death for openly opposing the government's action. Charged by the government and several of his fellow priests with favoring counter-revolutionary agitation, Tikhon, the Patriarch, was forced to resign on May 17. The circumstances of his resignation brought forth a protest from the Vatican to the Moscow government on May 26, and a few days later British ecclesiastical authorities also sent a telegram of protest to Premier Lenin. In its reply under date of June 7 the Soviet government declared that the British Church plea for Tikhon was dictated by a "narrow caste", and frankly stated that the former patriarch together with other ecclesiastics would be prosecuted for having resisted measures aimed to save the lives of millions. It further declared that the majority of the Russian clergy favored the Soviet policy and that Tikhon and other opponents had "always worked hand in hand with czardom and the nobility".—Meanwhile, although the famine continued, conditions were much improved. In April Secretary Hoover advised President Harding that possibly a portion of the $20,000,000 congressional appropriation would not be needed. On the other hand, Dr. Nansen of the International Relief organization, late in April, declared that Mr. Hoover was far too optimistic and that while conditions had improved in the Volga area they were worse in South Russia and Crimea; Dr. Nansen estimated that 5,000,000 Russians would perish before the next harvest. Cannibalism, he declared, was on the increase in Samara and the Tartar Republic. The American Relief Administration announced on May 28 that it still had 85,000 relief workers employed in Russia; approximately

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$55,000,000 worth of supplies had been distributed, including 650,000 tons or 92 shiploads. Continuation of American relief will be largely determined by Edgar Rickard, Director General of the American Relief Administration, who sailed for Russia on May 18 for the purpose of investigating conditions including the prospects and results of the harvest.

Soviet **economic policy** has undergone considerable modification. The system of forcible requisitioning of the peasants' surplus has been abandoned. Factories, though still nominally state-owned, have been opened under private management; a modified form of private trade has been established and foreign concessionaires have been allowed to import machinery and supplies and to export produce or manufactured goods. The cooperative societies, which have developed rapidly both in numbers and in power under Soviet rule, have not only been liberated from government control, but have been increasingly utilized as a trading medium by the Soviet authorities. Of these cooperative societies the Consumers' Unions are by far the most important; they enjoy self-government, elect their management from their own number, and exert a powerful influence in developing local industries and stimulating economic activity. In the manufacturing and mining industries trust organizations are beginning to appear. To facilitate foreign trade a new state bank, which pays interest on accounts and makes loans to private individuals and corporations, has been opened in Moscow. During the year the government also undertook to stabilize the currency, reform the system of taxation and adopt a more scientific budget. Soviet leaders like Lenin, Tchitcherin, Krassin and Leo Kamenev, while avowing that the fundamental ideas of the Soviet remain the same, frankly confess that the compromise with capitalism is a matter of expediency.

The **Congress of the Third International** which opened at Moscow on June 19, 1921, adjourned on July 20 after reelecting M. Zinoviev as chairman of the executive committee. In contrast with the First and Second Congresses, the speeches and resolutions showed a decided tendency away from extreme radicalism. In advocating that the Communist party proceed with caution, the leaders admitted that the much-desired world revolution was progressing slowly. In this same connection Kamenev, head of the Moscow Soviet, on September 23 declared that Russia now realized that it was impossible to refashion society at one stroke; he further declared that the Bolsheviki during the last four years would never have adopted extreme measures had it not been that war conditions, both civil and foreign, compelled iron discipline to preserve the Soviets' existence.

At the **Ninth All-Russian Soviet Congress,** held in Moscow December 23 to January 4, a new Central Executive Committee was chosen embracing representatives from all the autonomous republics

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hitherto unrepresented. As was expected, Lenin was reappointed President of the Council of the People's Commissars. Lenin reconstructed his cabinet as follows: President of the Council, Lenin; First Vice-President, Rykov; Second Vice-President, Tsurnpoff; Education, Lunacharsky; Foreign Trade, Krassin; Finance, Karestinsky; National Minorities, Stalin; Labor, Schmidt; Food, Brukhanoff; Defense, Trotzky; Communication and Interior, Djerjinsky; Posts and Telegraphs, Dovnalevsky; Health, Semashko; Foreign Affairs, Tchitcherin; Justice, Kursky; Agriculture, Yakovenko. All members of the cabinet are Right Wing Communists and followers of Lenin. Russia, declared Lenin, must adopt a new economic policy in order that home production might be encouraged and foreign trade stimulated. It was further announced that the power of the dreaded All-Russian Extraordinary Commission had been curtailed; that henceforth it would be under the Department of Interior and its future activities would be limited to matters purely political. The immediate restoration of the habeas corpus law was decreed and provision made that all accused persons should enjoy trial within a period of two months after arrest. At the session of December 29 Trotzky took occasion to denounce the Washington Conference, one of the first consequences of which, he declared, would be an attack by Japan on the Far Eastern Republic.

During November and the first weeks of December the government was confronted with two **uprisings**: the first of these occurred in **East Karelia,** a region mainly populated with Finns but left under Russian administration by the terms of the Finno-Russian or Dorpat Treaty (*cf.* last RECORD, p. 98). The Karelians set up and for more than a month maintained an independent government. Early in February, however, the insurrectionists were decisively beaten and the revolt crushed. The Karelians asserted that the insurrection was caused by the failure of Moscow to observe the Soviet guarantee for full autonomy for East Karelia under the protocol of the Dorpat Treaty. The second uprising, nationalistic in character, took place in the **Ukraine,** but was easily stamped out.—On September 26 the Russian Foreign Office, in a note to Great Britain, emphatically asserted that the British charges of Russian **anti-British propaganda** in Persia, Afghanistan and Central Asia were based on forgeries. To this statement Lord Curzon, on November 15, made a categorical denial.—Following a vitriolic attack by United States Senator Borah, questioning his conduct, Boris **Bakmeteff,** who came to the United States in 1917 as head of the Russian War Mission sent by the Kerensky government, and who had been the officially recognized Russian ambassador at Washington since then, submitted his resignation to Secretary Hughes on June 4. The American State Department officially denied that M. Bakmeteff had misappropriated any moneys

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under his control as representative of Russian interests in the United States, this being the import of the charges against him.—During the year **commercial treaties** have been concluded with a number of European states (*cf.* International Relations, pp. 9-14; Baltic States, pp. 90-91; Czechoslovakia, p. 93; Poland, p. 112; Japan, p. 122).

**THE SCANDINAVIAN STATES.**—In **Denmark** general industrial depression, due in part to German competition, was followed by the greatest labor struggle in the history of the country. Trouble began early in January when employers attempted to cut wages 20% and lengthen the working day. A general lockout, affecting 150,000 men, followed and a settlement was not reached until April 7.—In May both chambers of the Rigsdag ratified the **Danish-German Treaty** establishing a new frontier line across Slesvig and settling related questions thereto. Foreign Minister Scavenius stated that, even though Denmark obtained less than it desired, the treaty formed the basis for the future development of neighborly relations. All political parties approved the government's attitude. The government proposed to reduce Denmark's military personnel and expenditure by reducing the annual contingents from 11,500 to 6,700 men, and the annual training period to a fortnight for infantry and two months for cavalry. Danish military expenditures will thus be reduced from 63,000,000 to 43,000,000 kroner annually. Compulsory service, however, is to be retained.—The Autonomous party, one of the two political groups of the **Faroe Islands,** demands that the islands be put upon an equal political footing with Iceland.

In September **Norway** enacted a law providing for limited prohibition; importation of liquors or wines containing more than 14% of alcohol is prohibited; great difficulty has been experienced in enforcing the act.—As a result of the parliamentary elections (Storting) held on October 24 the parties of the Left retained their hold on the government. The Socialists elected 8 as against 17 at the previous general election, Communists 29 as against none, Labor 2 as against 3, Radicals 38 as against 52, Agrarians 17 as against 3, Right and Liberals 56 as against 51. The annual report of the Norwegian Labor Party showed a loss of 41,000 members, due to the defeat in June, 1921, of an ill-advised general strike. This loss was one-third of the party's strength.—A new compulsory arbitration law marks the culmination of a series of efforts to rid Norwegian industry of the strike menace. The law empowers the government, in cases where disputes between labor and capital endanger public interests, to decide that an arbitration court shall pass judgment on the conflict, and forbids cessation of work because of the dispute. The arbitration court consists of five members of whom the labor organizations appoint one, the employers' associations one, and the government three including the chairman. The judgment, passed by simple majority,

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is binding, but not for a period longer than two years without consent of the parties. Illegal stoppage of work is punishable with fines up to about $6,750. The Conservatives voted against the measure but the Communists, Socialists and Agrarians passed it by their combined efforts. The Radicals, while opposed to it in principle, voted for it in order to avoid a ministerial crisis. The law is enacted for one year only.

As a result of elections held in **Sweden** in September for the Second Chamber of the Riksdag, the Social Democratic party, under the leadership of Hjalmar Branting, won an overwhelming victory, the political pendulum thus swinging sharply from the Right to the Left. The new laws enfranchising women, removing the tax requirement for voters, and lowering the voting age to 23 years, greatly enlarged the electorate and gave it opportunity to express its political desires. The prospect of a Socialist régime had a depressing effect upon business. Following the election and resignation early in October of the von Sydow cabinet, a new ministry was constituted as follows: Premier and Minister of Foreign Affairs, Branting; Justice, Ackerman; Defense, Hansson; Finance, Thorsson; Interior, Lindquist; Commerce, Orne; Public Works, Svensson; Culture, Slosson; Agriculture, Linders. Hansson, Thorsson and Svensson served in the former Branting cabinet (*cf.* last RECORD, p. 99). The Riksdag on May 31, by a vote of 105 to 94 in the Second Chamber and 81 to 47 in the First Chamber, refused to ratify a long-pending commercial treaty with Soviet Russia largely because it was felt that the treaty did not sufficiently safeguard Sweden's economic and political rights. — Considerable unemployment prevailed during the year under review. A lumber-mill lockout, affecting 24,000 men, was terminated on May 19. The agreement signed by both parties to the controversy called for a 33% wage reduction below that of last year.

**SWITZERLAND.** — By 154 votes out of 163 M. Robert Haab was chosen by the Federal Assembly to succeed M. Motta as President of the Confederation.—The Federal Council by a vote of 7 to 2 ratified the convention with France concerning the free border zones as provided by the Treaty of Versailles. — Business, especially the lace industry, has suffered during the year under review.

## VII. ASIA AND AFRICA

**CHINA.**—Throughout the year China continued to struggle in the mire of civil war, financial chaos and economic distress. **Internecine strife** centered around three important Chinese personages: Generals Chang Tso-lin and Wu Pei-fu, and Dr. Sun Yat-Sen. **General Chang Tso-lin** first came into prominence as a bandit leader, then rose rapidly to the rank of a Tuchun or Military Governor, and at the opening of the year was Inspector-General of Northern Manchuria

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with headquarters at Mukden. On December 14 Chang arrived in Pekin with the idea of seizing control of the government; on the 25th he virtually forced the cabinet, headed by Ching Yun-Peng, to resign in favor of a ministry picked by himself and led by the notorious Liang Shi-Yi. This move was at once opposed by the Canton government of Sun Yat-Sen, who ordered the arrest of Premier Liang as a traitor; Sun Yat-Sen, however, was powerless to act. But in South Central China General **Wu Pei-fu,** Tuchun and Inspector-General of the industrial provinces of Hunan and Hupeh, openly charged the new cabinet with being pro-Japanese and in an ultimatum demanded its immediate withdrawal. After some delay Liang, fearful of Wu's threats to march on both Pekin and Mukden, retired provisionally on "sick leave". Tsu Chu-Chi became Acting Premier and Dr. Yen Foreign Minister. Wu's action angered the Manchurian dictator, Chang, and he at once began to prepare for hostilities. First he formed an alliance with Dr. Sun Yat-Sen. Sun, as noted, was at first opposed to Chang and his dictatorship at Pekin, and even made overtures to Wu for an alliance against the Manchurian leader. Failing in this, Sun and Chang settled their differences and joined hands against Wu and the Peking government. By the middle of April Chang was advancing southward and on the 26th fighting began southwest of Peking. By May 6 Chang had been defeated; orders were issued on that date by President Hsu dismissing Chang as Inspector-General of Manchuria and ordering the arrest of Liang, his deposed Premier. Furious at this new turn of events, Chang on May 13 issued a proclamation declaring Northern Manchuria an independent state, and asserting that if attacked and defeated he would return to his "original profession of banditry". During the latter part of May and early June he was so relentlessly pursued and hopelessly defeated by Wu that his plans for an independent state failed to materialize.—Meanwhile Wu's victories had led to the **retirement of President Hsu,** on June 2, at the demand of some 300 members of the old Republican parliament, which had been meeting at Tientsin with the support and approval of Wu. On the same day the Peking cabinet invited Li Yuan-hung, the former president who had been deposed by the Militarists in 1917, to resume the presidency. In reply Li intimated that he would accept the invitation on condition that Sun Yat-Sen resign as head of the rival government at Canton, for the sake of Chinese unity. This step Sun refused to take on the ground that the Canton government was the legal government of China. On June 10, however, **Li Yuan-hung assumed the presidency** following receipt of pledges of support from Chang and from a considerable portion of the Canton parliament as well as from General Chen Chiung-ming, former right-hand man of Sun Yat-Sen. Li's first official act was to appoint Dr. Wu Ting-fang, one of Sun Yat-

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Sen's chief lieutenants, to the post of Premier. At the end of June **Sun Yat-Sen,** who had faced so much defection among his followers during the previous months as to be unable to come to the assistance of Chang, was gradually being crushed by Wu, and the outlook for Chinese unity seemed much brighter.

The failure of the Banque Industrielle de Chine affected adversely French credit and prestige in China.—Toward the end of January the Four-Power **Consortium** agreed that China should float a 14,000,000 tael domestic loan secured by the salt revenues at 83.5 with interest at 1.2% monthly; it further stipulated that the overdue Japanese loan of 20,000,000 yen should be redeemed in monthly instalments of $700,000 surplus. Owing to an advance in discount and the refunding of small bank loans and other complications, the Peking government was unable to raise the sum required. Chinese bankers are still very much opposed to the consortium arrangement.—In accordance with the decision of the Washington Conference, the Chinese government on April 7 abrogated the Russo-Chinese customs agreement of 1881. (*Cf. supra,* International Relations, pp. 1, 5-9.)

**JAPAN.** — On the eve of the Washington Conference the liberal Premier, Takashi **Hara,** was assassinated at a Tokio railroad station. For months prior to his death his government had been mercilessly criticized for its policy toward China and Siberia, and advocates of suffrage extension openly avowed that his death was the result of his failure to secure suffrage reform. Baron Korekiyo **Takahashi,** Minister of Finance in the Hara government, became Premier on November 12. Making neither cabinet changes nor modifications in the Hara program, the new Premier and his colleagues continued their efforts to solve the difficult problems facing the country, *viz.*, ratification and fulfilment of the agreements negotiated at Washington (*supra,* p. 1), suffrage reform, the Siberian question, and reduction of expenditures.

In certain quarters some dissatisfaction was expressed with agreements negotiated at the **Washington Conference;** notably was this true in regard to the Four-Power and naval treaties. In answer to all criticisms the Premier on December 23 declared that as a result of the conference "a new epoch had been opened in the Pacific and in the world". The quadruple agreement, he said, would lighten the burdens of the Japanese people and strengthen, rather than weaken, Japan's position in the Far East. In commercial circles intense satisfaction was expressed with the results of the Conference, for it was generally believed that with the overcoming of the feeling of hostility toward the United States and the ending of the China trade boycott business would show a marked increase. The terms of all the agreements have thus far been scrupulously respected (*infra*).

Although the **struggle for suffrage reform** carried Japan to the verge of revolution during the year, the problem is as yet unsettled.

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Debate on a new suffrage bill was the occasion for serious disorders before the doors of the Diet on February 23, over 150 persons being injured. When debate was resumed on the following day, such stormy scenes ensued that the session had to adjourn. The Japanese press, irrespective of party affiliation, declared that if suffrage reform should be much longer postponed revolution and bloodshed would inevitably result. Militarists, large land-owners, and wealthy industrialists, however, are unyielding in their opposition.

The **Siberian question** is likewise unsettled. In October the government of the Far Eastern Republic (Chita) held Khabarovsk, a point where the Trans-Siberian railroad crosses the Amur river; the Japanese occupied an area extending about 120 miles north of Vladivostok, and beyond this lay a neutral zone twenty miles wide fixed by an agreement between Chita and Japan. In December the Chita garrison was driven out of Khabarovsk by soldiers from Vladivostok, where an anti-Chita government was established in May, 1921, under the leadership of M. Merkulov, a Russian Social-Democrat. These men, formerly with the armies of Kalmykev and Semenov, thus crossed the neutral zone and Chita charged Japan with engineering the assault in order that she might have a pretext for not withdrawing her troops from Siberian soil. This charge Japan denied. Meanwhile in August representatives from Chita and Japan, in conference at Darien, were attempting to reach a settlement.. The terms presented by Japan at this conference were as follows: (1) Japan to seek no special privilege in Siberia and the Chita government to undertake to observe the principles of equal opportunity in commerce and industry to all nations; (2) the Chita government to undertake abolition of various harmful administrative practices which were interfering with the trade of Vladivostok; (3) Japanese lives and property to be guaranteed safety; (4) fortifications at Vladivostok to be materially decreased; (5) the Chita government to promise not to carry Bolshevist propaganda into Korea or the Japanese zone in Southern Manchuria; (6) the Chita government to assume responsibility for massacre of 700 Japanese at Nikolaievsk in March, 1920, for which Japan occupied Northern Saghalin; (7) Japanese troops to be maintained on Siberian soil until the Chita government pledged itself to undertake the above-mentioned tasks. Little progress, however, was made toward a settlement and in February Chita troops recaptured Khabarovsk and pushed southward toward Vladivostok. In so doing they came into conflict with Japanese troops in the so-called neutral zone and in April sharp fighting occurred. Having failed to reach an agreement, the Darien Conference came to an end on April 16. No change had occurred in the situation to the end of June except that the Japanese had seized the Russian fishing stations off Saghalin. At home, notwithstanding opposition attacks, the government declared it

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could not withdraw until it had assurance that a stable government had been established. (*Cf. supra*, p. 9.)

During March and April it became increasingly evident that the members of the **Takahashi cabinet** were not working together harmoniously. On May 2 the Premier requested the resignation of the Ministers of Agriculture, Interior, Railroads and Education; the reason assigned was his desire to obtain a cabinet in sympathy with his policy of speedy ratification of the Four-Power Treaty. On June 6 the entire cabinet resigned and on the 11th Admiral Kato accepted the premiership of a **non-party cabinet** pledged to the execution of the Washington agreements. Kato, a Liberal and bitter opponent of the Militarists, made his acceptance conditional upon the agreement of the army leaders that the army budget be reduced by 40,000,000 yen.

In November an imperial rescript was issued designating Crown Prince Hirohito as Regent to succeed his father, Emperor Yoshihito, who was incapacitated by long-continued illness. During the year two distinguished Japanese died, Marquis Okuma on January 6, and Prince Yamagata, one of the last of the Elder Statesmen, on February 1. (*Cf. supra*, International Relations, pp. 1-9.)

**TURKEY.**—Unrest in the Mohammedan world, jealousies among the Great Powers, and failure of the Greek offensive, all contributed to give Turkey a new lease of life. In May official British and American reports of the Nationalist **massacres** of Christian minorities led Great Britain, France, Italy and the United States to unite in forming a **Commission of Inquiry.** In assenting to the investigation, however, the Angora government on May 19 stipulated certain conditions: (1) that the Commission include, in addition to the Allies, American, Turkish and Russian commissioners; (2) that the members of the Commission must be impartial, enjoying Anatolia's confidence; (3) that a survey of the military situation in Anatolia be excluded; (4) that the investigation be conducted in the regions where the massacres are reported to have occurred; (5) that a similar investigation be carried on in the area under Greek occupation, the Nationalist government to supply the Commission with information as to where Turks were massacred; (6) that the conclusions of the Commission be made public; (7) that the Nationalist government be permitted to exact apologies from the Powers in case the charges prove to be unfounded; (8) that if the inquiry reveals massacres of Mohammedans, both in Anatolia and on the Marmora coast, the Greeks be asked to pay indemnity; (9) that if the above conditions be accepted the Angora government be excluded from the investigation. Izzet Pasha, Turkish Foreign Minister, declared that he felt certain that the Commission would find that the Moslem population had suffered much more than the Greeks in loss of life and devastation of property.

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Meanwhile, in an attempt to bring about peace the Allied Premiers, meeting in Paris on March 26, reached an agreement for the **revision of the Sèvres Treaty.** According to their program Constantinople and Eastern Thrace would go to Turkey; Greece would receive Adrianople and the Gallipoli peninsula; Smyrna would be placed under a special régime, but all the rest of Asia Minor would be Turkish territory. Representatives of the Angora government were invited to meet with Allied representatives at Constantinople. In reply Mustapha Kemal on April 29 refused to send representatives to Constantinople and suggested that the parleys be held at Ismid. He also insisted that Greek negotiators be excluded, and stated that the terms proposed would have to undergo considerable modification. In June it was semi-officially stated that Great Britain and Italy were opposed to the Angora proposals, while France favored them; the Turkish question is, therefore, as yet unsettled. (*Cf. supra,* International Relations, pp. 16-18.)

**OTHER ASIATIC AND AFRICAN STATES.**—In addition to the struggle which it waged with Japan throughout the year, the government of the **Far Eastern Republic** at Chita was concerned with two other problems. In the first place it desired to crush the rival government at Vladivostok; in a note dated March 8 and addressed to the Japanese Minister of Foreign Affairs, the Chita government alleged that the Vladivostok government was a mere tool of Japan. Secondly, the Far Eastern Republic desired to secure control of the Chinese Eastern Railway, which links its capital, Chita, with Vladivostok. Little headway was made in solving either of these problems (*cf. supra,* Japan).—In April President Harding urged the United States Congress to appropriate $5,000,000 authorized in 1918 as a loan to the Republic of **Liberia.** The United States, he declared, was morally bound to carry out its promise.—In **Persia** British authority came to an end on September 23. In January a new Persian cabinet was formed under the leadership of Mochir-ol-Dowleh.—During the year the **Caucasus republics** have remained in close affiliation with Moscow.

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